OFFICIAL ASIM PUBLICATION

The National Insurance Buyer

CORPORATE INSURANCE MANAGEMENT

AN INFORMED BUYER IS A BETTER BUYER

Toronto Harbour and Waterfront
Photo: Courtesy of "The Toronto Harbour Commissioners"

AMERICAN SOCIETY OF INSURANCE MANAGEMENT

Volume 7 May 1960 Number 3

The National Insurance Buyer

OFFICIAL ASIM PUBLICATION

CORPORATE INSURANCE MANAGEMENT

Linda Burke, Editor

Eight West Fortieth Street, New York 18, N. Y.

We Honor . . .

"TIBA Ontario Incorporated," a chapter of The American Society of Insurance Management, Inc. — the second chapter in Canada, and the twenty-fourth chapter of ASIM.

Among the companies represented in membership in this chapter can be found world-famous names. The corporate insurance managers of these companies are outstanding in their field and contribute immeasurably to the prestige and stature of The American Society of Insurance Management, Inc.

It is with pride and distinction that we honor this Canadian chapter of ASIM.

About the cover . . .

Toronto Harbour, which has been a principal lake port of nearly 50 years, is rapidly becoming a major ocean port. Partly because of the opening of the St. Lawrence Seaway and partly because of the increased market which southern Ontario presents for foreign merchandise, the growth in overseas trade through Toronto Harbour over the past seven or eight years has been so great as to make Toronto the largest overseas port on the Great Lakes. In 1958, direct overseas shipments through the port increased by more than 40% over 1957, and overseas entrances and clearances, which amounted to 1,317 in 1958 have nearly doubled since 1955. At present there are 27 overseas lines operating 144 ships which call regularly at the Port.

In This Issue . . .

The National Insurance Buyer, a publication of the American Society of Insurance Management, Inc., does not assume responsibility for the points of view or opinions of its contributors. It does accept responsibility for giving them an opportunity to express such views and opinions in its columns.

The National Insurance Buyer, published bi-monthly (January, March, May, July, September and November) as the official publication of The American Society of Insurance Management, Inc., 8 West 40th Street, New York 18, New York. Linda Burke, Editor. Copyright 1960 by the American Society of Insurance Management, Inc. Subscription $5.00 a year. Advertising rates on request.

"TIBA Ontario Incorporated" — ASIM

During the month of June 1959, the Montreal Insurance Buyers Association circulated some literature dealing with The American Society of Insurance Management, Inc., to a handful of Toronto insurance buyers. Most of the insurance managers who received this material, which was accompanied by a list of firms to which it was distributed, felt the need for such an organization. After having contacted each other, it was agreed to meet in person on September 15th, in order to discuss the formation of an insurance buyers organization. As a consequence of this meeting, insurance managers of many larger corporations in the Toronto area were contacted and invited for an exploratory meeting to be held on October 15th.

Officers and Directors of "TIBA Ontario Incorporated, ASIM"; Left to right: H. R. Schenke, Director; W. J. Abbott, Director; D. M. Stuart, Vice President; H. J. Muir, Secretary; J. G. Hird, President; F. A. Morley, Treasurer; J. H. Quinn, Director; J. A. Douglas, Director; L. P. Wood, Director. (Not pictured — J. R. Long, Director.)

Mr. Peter A. Burke, Managing Director, and Mr. H. Stanley Goodwin, President, of The American Society of Insurance Management, Inc., attended this "get-together" meeting and explained the purpose of the organization to the assembled group of forty-three insurance buyers.

The consensus of opinion was to go ahead immediately and organize an Insurance Buyers Association, leaving the decision as to whether or not to affiliate with ASIM to the next meeting on November 12, 1959.

An executive committee of ten directors was elected, including all of the eight corporate insurance buyers who presented the idea of an insurance buyers association at the first meeting in October. It was also decided to affiliate with The American Society of Insurance Management, Inc., as the twenty-fourth chapter, the second chapter in Canada — and to incorporate under Ontario law.

On January 28th, 1960, the Provincial Secretary granted a Charter to "TIBA Ontario Incorporated." The constitution, or better known as By-Law Number 1, was unanimously adopted on March 10th, 1960.

At present, the membership includes fifty-seven corporations located in the Toronto and Hamilton areas. Luncheon meetings are held on the second Thursday of each month.

ASIM Welcomes New Members

Cleveland
B. F. Goodrich Company
Reliance Electric & Engineering Company

Houston
El Paso Natural Gas Company
Union Oil & Gas Corporation of Louisiana

Maryland
Chas. H. Tompkins Co.
The Martin Company
Woodward & Lothrop Incorporated

Montreal
Dominion Steel and Coal Corp. Ltd.

Minnesota
Investors Diversified Services, Inc.

New York
National Dairy Products Corp.
New York University
Revlon

Northern California
Ampex Corporation
The California Ink Co., Inc.
Hills Bros. Coffee, Inc.
S & W Fine Foods, Inc.

Oregon
Convoy Company

Southern California
Kobe, Inc.

Wisconsin
Koehring Company

Southern California Chapter Elects New Officers

M. J. Bowman has been elected president of Southern California Chapter, ASIM. Mr. Bowman is with the American Potash & Chemical Corporation, Los Angeles.

Other officers are: Steve Culibrk, Citizens National Bank, vice-president; Homer E. Rathbun, Union Oil Company of California, treasurer; and Norman Horney, Consolidated Rock Products Company, secretary.

Directors are: D. F. Budd, Latchford Glass Company; James P. Lang, Loew's Incorporated; Harry E. Rugg, Hughes Aircraft Company; Kenneth J. Fleischhauer, Blue Diamond Corporation; and Paul Harvey, Richfield Oil Corporation.

Fred L. Mattson Heads Oregon Chapter, ASIM

Fred L. Mattson of West Coast Lumbermens' Association has been elected president of Oregon Chapter, ASIM.

Serving with Mr. Mattson are: E. L. Belin, Northwest Natural Gas Company, vice-president; and Paul W. Milliken of Hyster Company, secretary-treasurer.

John R. Maloney Addresses Northern California Chapter, ASIM

John R. Maloney, former Insurance Commissioner of the State of California recently addressed members and their guests on "Federal Regulation and the Insurance Industry".

Because of the widespread interest in this subject the meeting was well-attended.

Insurance Markets Across The Border

by
William B. Gray
Executive Vice President
Marsh & McLennan Limited

(Address before TIBA Ontario Incorporated, a Chapter of The American Society of Insurance Management, Inc. — April 14, 1960)

William B. Gray was educated in the public schools of New Jersey and St. Thomas, Ontario, Canada.

He started his insurance career with the National Workmen's Compensation Service Bureau in 1921 and has continued in insurance except for a period of approximately two years in the mid twenties. His experience has included service with the Travelers Insurance Company, the brokerage office of John W. Thomas of New York City, of which he became the President in 1938. The office of John W. Thomas joined forces with Marsh & McLennan in 1943.

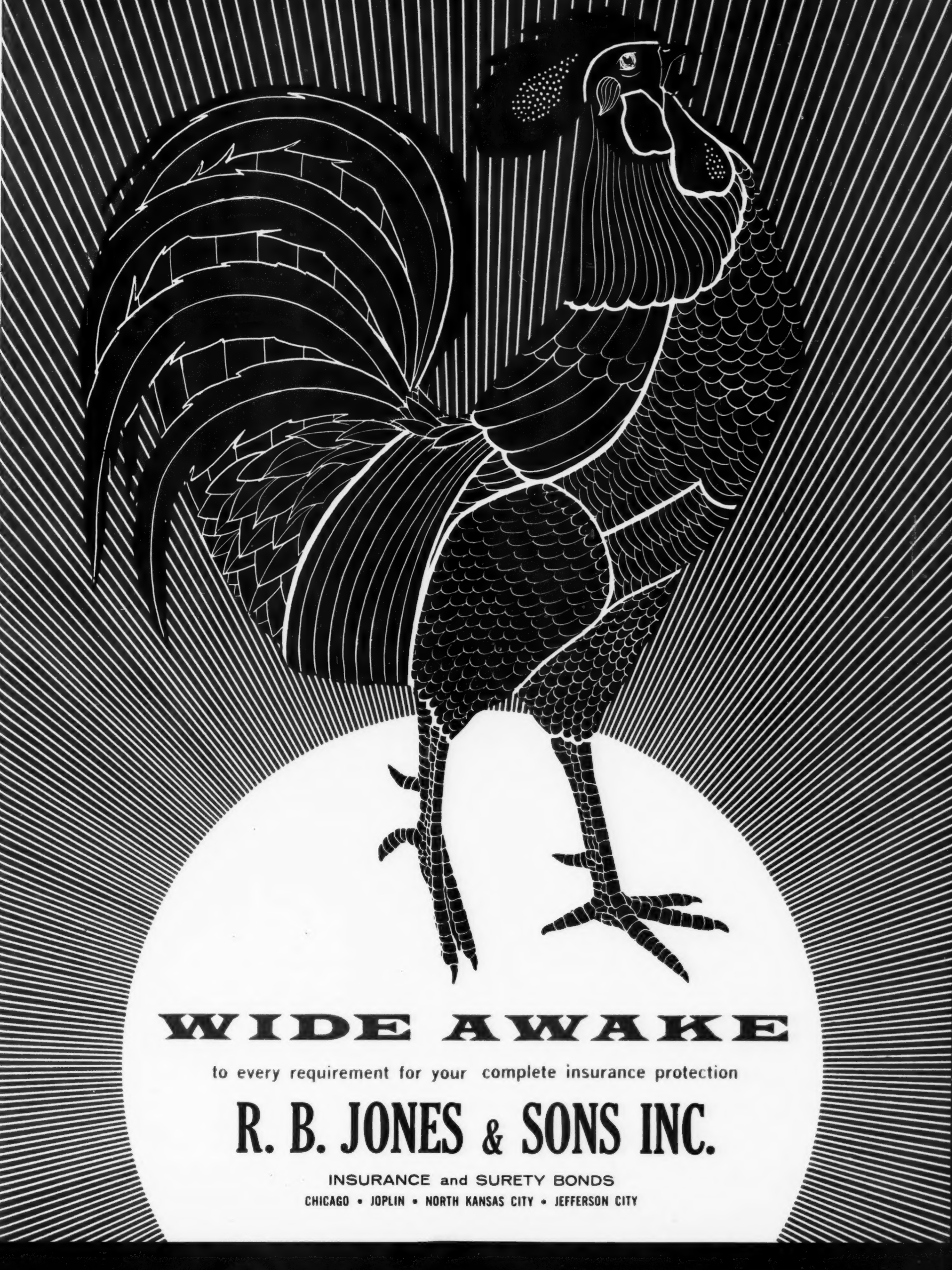
In 1950 he was transferred to Canada as Vice-President of Marsh & McLennan Limited, subsequently to take charge of the Toronto office, which position he now holds with the rank of Executive Vice-President. He has been a Director of Marsh & McLennan Limited since 1953.

William B. Gray
(Photo by Milne Studios Limited)

In your new association with The American Society of Insurance Management, Inc., you will exchange information, experience and opinions with some of the chapters and their members in the United States. One of the many important discussions will be the markets with which you deal and with this in mind you should be interested in examining the relative facilities on both sides of the border.

In Canada there are approximately 300 fire and casualty companies writing substantially all of the volume in these classes of business. In the States there are nearly 1300 such companies. In neither case are we including the many small mutuals which, from your standpoint, are not important to a market survey. In both territories we find the mixed ingredients of any insurance market; stock companies, mutuals, reciprocal exchanges, Lloyd's Underwriters, and Provincial or State Funds. Many Companies operate on both sides of the boundary. There are slightly over 100 U. S. companies in Canada, and 43 British and foreign companies are in both Canada and the United States. There are 47 British and foreign companies in Canada which do not operate in the States, but about half of the latter are subsidiaries of groups, one of whose companies is in the States, so that there are only 25 groups in the

(More on Page 18)


WIDE AWAKE
to every requirement for your complete insurance protection
R. B. JONES & SONS INC.
INSURANCE and SURETY BONDS
CHICAGO • JOPLIN • NORTH KANSAS CITY • JEFFERSON CITY

Liability Insurance in the '60's

by

Robert S. Gillespie

Vice President

Indemnity Insurance Company of North America

Robert S. Gillespie

Mr. Gillespie entered the insurance business in 1930 as an office boy in the bonding department of INA's home office. In 1935 he was transferred to the Canadian office, and in 1940 became casualty manager for Canada.

Returning to Philadelphia in 1944, he worked in the special risks department and was named department superintendent in 1947. He was elected assistant secretary of Indemnity in 1950 and special risks secretary in 1953. He was named assistant vice president in 1955 and vice president in 1959.

Mr. Gillespie was one of the principal architects of the special insurance contracts which were written by Indemnity Insurance Company of North America on the Nautilus, the world's first atomic powered submarine.

Liability insurance is a subject to which a prodigious amount of review and analysis has been devoted year after year by insurance buyers, lawyers, underwriters, producers and adjusters, in pouring forth a constant stream of fine articles covering and recovering its every facet. This was brought home to me as I searched my company's extensive library in a vain effort to discover an element which has not been thoroughly reviewed. My exploration only served to impress me anew with the erudite and comprehensive treatment already given to the topic.

Perhaps you share my conviction that, as the decade begins, the outline of a new pattern of corporate liabity insurance is taking perceptible form.

Speaking as an underwriter, let me say at the outset that the last five years of the 1950's comprised the most competitive period of my entire experience. Despite frustrating years of little or no profit, the market willingly yielded up coverages of startling and unprecedented liberality, often at prices which reasonable men would not count on to support the risks they pretended to measure. The terms and conditions of this readily available insurance, especially catastrophe insurance, seemed actually to

(More on Page 14)

PHILIP MEYER

Taxes and Insurance

The Aspects of Involuntary Conversions of Business Property

by
William K. Traynor
Arthur Young and Company

(Address before Chicago Chapter of The American Society of Insurance Management, Inc.)

William K. Traynor

This article was prepared from the text of a talk given by Mr. Traynor at a meeting of the Chicago Chapter of The American Society of Insurance Management Inc. Mr. Traynor is a principal in the firm of Arthur Young & Company, Certified Public Accountants, and is in charge of the Tax Department of the firm's Chicago Office.

The corporate insurance manager and the corporate tax advisor have more in common than either might realize at first. They are both concerned with the protection and conservation of corporate working capital, which is the life blood of every corporate enterprise, against the erosive effects of outside economic factors, not directly associated with the basic corporate functions of buying, manufacturing, selling, or rendering services. In the case of the insurance manager, the factors involved are the casualties and acts of God which, unless compensated for by insurance protection, may destroy working capital either by requiring expenditures in replacement of destroyed or damaged property or by resulting in liabilities for payments to injured parties. The factors in the case of the tax advisor are the levies imposed by the several sovereign authorities, national, state and local governments, on the owning of property and the earning of income. In both instances, the tax and insurance functions involve arranging the company's affairs so that attrition of working capital by the action of these factors will be minimized.

Section 1231

The provision of the Federal tax law which perhaps most often involves insurance considerations is Section 1231 of the Internal Revenue Code, which provides that gains on sales and exchanges of property used in the trade or business, and gains from involuntary conversion (casualty, theft, seizure or condemnation) of business property will be taxed at the capital rate of 25% instead of at the ordinary corporate income rate of 30% (on the first $25,000 of taxable income) and 52%.*

This provision had its origin in the early days of World War II. Prior to that time, all gains from disposition of such property were taxable in full. As a result, many property owners were unwilling to sell their business assets because the high war-time rates would siphon off most of their profit. To stimulate the war effort and facilitate the movement of productive facilities into essential activities,

(More on Page 26)

Wherever power lives... *it takes specialists to keep it alive!*

. . . Specialists with the technical knowledge and practical know-how so necessary to the exacting business of safeguarding power equipment. Hartford Steam Boiler's nation-wide organization includes more than 600 qualified and experienced field inspectors, with engineers, special agents, underwriters, claims people—all prepared to help you protect your plant against loss by accident to your boilers, pressure vessels, turbines, engines, electrical and refrigerating equipment. When your boiler and machinery insurance is with Hartford Steam Boiler you can be sure you have the best.

Since 1866, the recognized world leader in power equipment inspection and insurance.

The Hartford Steam Boiler Inspection and Insurance Company
Hartford 2, Connecticut

Remember, INSPECTION is our middle name.

"Off-The-Rack" or "Custom-Made"

by
Carlton E. Holloway
Assistant Vice President
Affiliated Factory Mutual Insurance Company

(Address before Maryland Chapter of the American Society of Insurance Management, Inc.)

The underwriting approach of the insurance man whose background has been the Ocean Marine or Inland Marine business has traditionally been one of individual risk underwriting. He has been trained to handle underwriting problems with the use of imagination; to find a way to provide the coverage the buyer wants and not to find reasons why the business cannot be written. In other words, he has been taught to "custom-make" insurance; not to take it "off the rack." However, for any underwriter whose company operates as a licensed company, this is not always an easy thing to do. There are restraining factors which tax his ingenuity. For example, here are two inquiries made of the Committee on Interpretation of the Nation-Wide Marine Definition and the Committee's replies:

Inquiry: *Is the following insurance classifiable as Inland Marine within the Nation-Wide Marine Definition?*

"A Physicians' and Surgeons' Extra Expense Endorsement proposed for use with the Physicians' and Surgeons' Equipment Floater, is designed to cover extra expense incurred by the Insured in order to continue as nearly as practicable the normal conduct of the assured's business or profession following damage to or destruction by the risks insured against of the buildings or additions thereto or Contents thereof, situate at the address stated in the policy which is occupied by the assured for the conduct of his business or profession"

Carlton E. Holloway

Mr. Holloway is Assistant Vice President of Affiliated Mutual Insurance Company. Prior to his association with Affiliated, his experience was entirely in the Stock Fire Insurance field, having served in various capacities in Inland Marine and Multiple Line Underwriter, Field Representative and Department Manager.

Mr. Holloway has been a member of the Executive Committee and Finance Committee of the Multiple Peril Insurance Rating Organization (now the Multiple Peril Insurance Conference) as well as a member of the Executive Committee of the Inland Marine Underwriters Association.

He is a native of New England and a graduate of the United States Naval Academy. From 1942 to 1945, he served as an officer in the United States Naval Reserve.

Opinion: *The coverage afforded by the endorsement described above is not classifiable as Inland Marine Insurance.*

The Physicians' and Surgeons Equipment Floater covers medical, surgical and dental equipment and instruments on or off the Insured's premises. Recently, it has become permissible to include ordinary office equipment by special endorsement. The request for Extra Expense coverage seems to be a very reasonable one from the standpoint of providing more complete coverage with a minimum number of policies.

Let's move to the second inquiry.

Inquiry: *"Among other things the form would cover 'materials, supplies, machinery, equipment, fixtures and temporary structures to be used in or incidental to the construction, fabrication, installation, erection, or completion of a designated or described build-*

(More on Page 22)

Liability Insurance — Gillespie

(From Page 8)

reach out to absorb business losses of the sort which, on sober reflection, properly should remain the risk of industry itself. When liability policies offer to insure against financial loss arising out of the natural and inevitable consequence of commercial activities and enterprises, they seem to me to be surely headed for trouble. The appetite of underwriters, domestic and foreign, for business on these terms was insatiable, but very recently, the market at long last showed signs of gagging. During the months ahead I believe we will witness a growing reluctance on the part of underwriters to issue the virtually uninhibited liability policies so long enjoyed by producers and insurance buyers.

"The Sober 60's"

The present decade may ultimately be known as the "sober 60's," during which the liability insurance business settled down to the provision of realistic liability coverages needed to cope with hazards created or aggravated by modern industrial life, at prices reflecting equitably the catastrophe exposures present. Stabilization of the market along prudent but venturesome lines inevitably will benefit insurance buyers, for it does not make sense that well-managed industries should bear the burden of higher premium costs generated by the poor business judgment or improper conduct of other insureds.

The newly-evident market conservatism is symptomatic, I think, of the failure of underwriters and buyers of insurance to agree on a solution to the knotty problem of how to provide adequate liability insurance, and especially property damage liability insurance, and yet draw a clear line of demarcation between the insurable and uninsurable loss, between unexpected and fortuitous injury and that which a business enterprise should absorb as a penalty for failure to maintain high standards of management and marketing practice. We need not be embarrassed or frustrated by this failure, for the equations are very subtle indeed, and the best minds of the insurance industry have fallen somewhat short of unanimity of opinion in dealing with them.

"Accident" vs. "Occurrence"

A great deal has been written and said about so-called occurrence property damage liability insurance, much of the material expertly outlining the mercurial problems of "accident" versus "occurrence," but very adroitly avoiding definitive suggestions for their solution. The insurance industry, I believe, has found it a costly venture to eliminate all inhibiting phraseology, and close its eyes to the treacherous exposures thereby invited within its policies. At long last there are encouraging signs that underwriters may grapple with the coverage problem through the introduction of realistic terms and conditions, and turn from what amounts to the subsidization of industry taking place under present wordings. I will not be so bold as to recommend words and phrases for the provision of "occurrence" insurance, but I would like to suggest a direction in which the answer to the problem may lie.

Never before in the history of liability insurance has there been a greater frequency of unusual and sometimes unprecedented losses, or a greater probability that such losses will grow more troublesome as industrial processes evolve in complex and mysterious ways. It follows that underwriters have never had a greater challenge presented to them by insurance buyers. Property damage liability policies long have groped for words which will delineate the insurability of loss associated with such causative agencies as waste disposal, erosion, plant emissions of smoke, fumes, dust or other toxic or injurious substances, vibration, radiation, settlement or subsidence due to mining or excavation, and agencies yet to manifest themselves. I am confident that real progress will be made in the fore-

(More on Page 36)

Semi-Annual Meeting of ASIM is Held in New York

J. Roger Deas

The Semi-Annual Meeting of The American Society of Insurance Management, Inc., was held at the Hotel Roosevelt in New York, N. Y., on May 2, 1960.

Guest speaker at the dinner meeting was Mr. J. Roger Deas who addressed members and their guests on "Insurance in the Spectacular Sixties."

Mr. Deas is a member of the Corporate Offices of the American Can Company in New York City and has traveled half a million miles and addressed over 2,000 audiences.

He represents the corporation — which, with its divisions, Canco, Dixie Cup, Marathon, and Bradley-Sun — is the 36th largest industrial corporation in volume of sales in the country and the leader in the world's packaging industry.

Mr. Deas is a native of San Francisco and before joining American Can was Research Secretary to Chief Justice Earl Warren when he was governor of California. He also served as Secretary to the San Francisco City Planning Commission and as a financial analyst for E. A. Pierce & Company.

He was president of the California State Junior Chamber of Commerce and during the founding convention of the United Nations, served as an associate consultant to the United States Delegation.

Meet "S. S. Huebner"

Many people for whom "S. S. Huebner" has been merely a name can now come close to meeting him in person. His biography, *"The Teacher Who Changed an Industry,"* will bring its readers into almost hand-shaking intimacy with this energetic educator.

Published March 1 by Irwin Press, the Huebner biography by Mildred F. Stone, staff assistant to the president at Mutual Benefit Life, brings many glimpses of the home and family life of this pioneer in insurance education. He is followed closely on his world wide travels when he brought to many other parts of the globe the ideas and ideals by which he inspired U. S. students of insurance.

As teacher and creator for the first formal collegiate courses in insurance, Dr. Huebner has preached with evangelistic fervor the value of life and other forms of insurance. He led industry leaders into establishing the C.L.U. and the C.P.C.U. designations for professional insurance underwriters.

Back in 1904 when he had just completed his studies for a doctorate in economics at the University of Pennsylvania's Wharton School, Solomon Huebner was casting about for a subject to teach while he waited for the awarding of his degree the next year. He scanned the *New York Journal of Commerce* with pages of prices from the stock market and more pages of news about insurance.

"Almost like a revelation Mr. Huebner realized that that subject was not taught at Wharton. The oldest and biggest collegiate business school in the country was giving no training at all in two fields of business which filled a major part of the nation's outstanding business newspaper," writes Miss Stone.

The rest is history. "Sunny Sol" Huebner taught courses, wrote textbooks, led his students to teach

(More on Page 47)

Insurance Markets Across the Border — Gray

(From Page 6)

British and foreign category that are in Canada and not in the U. S. One might expect, in finding so many companies operating in both markets, there would be fewer differences in their method of operation. While I believe the differences will diminish as time goes on, it must be remembered that the Canadian market was developed to fit the needs of Canadian buyers, that Canadian law under which they operate is different in many respects some of which directly affects the insurance approach. It is further worthy of note that there is a substantial influence exerted by the British companies directly from the other side. While many of the British companies as I have pointed out are in both markets, the managements of the U. S. branches and the Canadian branches are distinct and separate and there is little communication between the two. One important difference in the market is that Lloyd's of London is admitted in Canada whereas in the States it is admitted only in Illinois and Kentucky. Another vital point to note is that there is no government supervision of rates in Canada whereas in the States there is control at the State level. This freedom is not without its obligations. Recognizing that voluntary controls based upon pooled experience were necessary, a group of companies formed a rating association early in Canadian insurance history. From this association and an amalgamation of others formed in succeeding years, the Canadian Underwriters Association of today was composed. It is one of the strongest underwriting groups in Canada. Its membership of some 150 companies is made up of about one-third U.S. and foreign, less than one-tenth Canadian, and the balance of British or British owned Canadian companies. This group is the strongest in the area of property insurance coverages. It is somewhat less important as an association in the casualty field, although some of its members are large and capable underwriters of your class of business.

The next largest class of companies forming the Canadian fire and casualty market is the so-called non-tariff group. The great majority of these are combined in other important rate making associations, although there are some complete independents. It is significant to note that of the purely Canadian companies there are about four times as many in the non-tariff group as are found in the Canadian Underwriters Association whereas with the British and British owned Canadian companies, the tariff outweighs the non-tariff by about the same ratio. To conclude the comparison I might comment that of the U. S., foreign or foreign owned Canadian companies there are more tariff than non-tariff or independent.

Completing the Canadian market are approximately 20 Mutual companies of size counting the Factory Mutuals as one, of which less than half are Canadian companies, and while there are some very strong companies amongst the Canadian group they do not constitute, generally speaking, a market for large industrial or commercial risks. The foreign Mutuals, however, are very strong markets for the most part. I think this must of necessity be true or they would not be found operating in foreign territory.

Having observed the general make-up of the markets, let us now take a closer view of the comparative facilities by class of insurance as they apply to your requirements.

Property Insurance

Taking property insurance first, the Factory Mutuals operate on both sides of the border and the same type of coverage and safety engineering is available in both places. On the stock company side, in the States large risks have been segregated for treatment by associations specializing in these classes. There is, for example, a Factory Mutual Insurance Association for insuring sprinklered risks, and oil and petro-chemical risks are handled by The Oil Insurance Association for its members, or by the Simmonds office for the companies in that group. The Railroad Insurance Association is a third underwriting medium and other pools have been formed for special segments of industry or for inspiring unusual hazards.

In the operation of these associations the underwriting, engineering, loss adjusting and other company functions are performed for the members and each member is committed for its predetermined percentage of each risk undertaken. These associations do not operate in Canada. As they are constituted, they could not, for many of their members are not entered here. Nor are there specific counterparts of these organizations here. The C. U. A. which I have pointed out is strong in the property insurance field, is the only group with adequate engineering facilities to handle the inspections of these classes of risk, and by far the greater part of the underwriting capacity is provided by its members. The so-called special risk division of this association is empowered to negotiate forms and rates on these risks but the underwriting is done by the companies and each member accepts only that percentage of a risk that his underwriter chooses. There has been firm resistance to the formation of a Canadian Factory Insurance Association or a Canadian Oil Insurance Association on the ground that, in the absence of a capacity problem, none was necessary. However, there are advantages other than this which are being considered and a change in thinking might well take place. Meanwhile, every effort is being made to improve service to these risks and to broaden coverages where, in the opinion of the C.U.A. the Canadian buyer requires them. The coverages provided are in the main identical with one notable exception

(More on Page 20)

Insurance Markets Across the Border — Gray

(From Page 18)

born of the direct British influence, namely the Profits Form of Business Interruption insurance which can be purchased in lieu of one of the other forms common to both markets.

Liability Insurance

As we observed earlier, the Board Association is not the controlling factor in Casualty Insurance for large risks that it is in the Property Insurance field. There are many competent Casualty Insurance underwriters in the Canadian market both tariff and non-tariff, and the capacity for underwriting large risks is excellent.

The pattern of underwriting is not materially different except that the use of retrospective rating plans is very limited for the obvious reason that not many risks develop sufficient premium to justify its adoption. The fact that Workmen's Compensation Insurance is not generally a part of the program because of the operation of Provincial administered funds, greatly reduces the total volume of casualty insurance in Canada as compared with its southern neighbor.

Rate levels in Canada for General Liability and Automobile Insurance are generally lower than those in the States. Further, the absence of Government rate control makes for a greater degree of elasticity in negotiating premium for the large risks.

No doubt one of the suggestions with which you will be frequently confronted is the desirability of including coverage for a Canadian company in the program of a States-side affiliate. I believe you will find in cost cases that the negotiated cost of separate insurance for the Canadian activities will compare favourably and will often be less than the cost of inclusion as part of the over-all program. The actual comparison of costs is sometimes difficult particularly if the States program is on a retrospective rating basis because of the problems of apportionment of additionals or returns, but if this apportionment is fairly done, the statement with regard to the comparison of costs will hold true. Aside from the question of cost, it is vital to remember the importance of accident prevention and claims service to the successful treatment of casualty coverage and that these require the close supervision of a market having adequate local facilities.

Boiler Insurance

In the field of Boiler and Machinery Insurance where inspection and engineering service plays so important a role, the selection of insurance market should first be made on the comparative ability of the companies to provide this service adequately, and then amongst those eligible, on the comparable cost. As to the inspection service, its degree of importance varies with the value placed upon it by the Assured. In the case of a public utility it is often felt that the inspection service is not important. In the ordinary commercial enterprise, however, it is conceded to be of greater value. The effectiveness of service offered by a company varies with the number of engineers available in the territory in which the Assured operates. Where only a single location is involved the service of a carrier having only one or two men on the staff might be adequate if they are locally based and readily available. If the risk is widespread, it, requires a company with a large engineering force to adequately service it. Both such markets are found in the Canadian picture.

The market in Canada is comprised of substantially the same companies as form the U. S. market except that in place of The Hartford Steam Boiler & Inspection we find its affiliate The Boiler Inspection & Insurance Company, and Lloyd's of London are directly available. The rate manuals in use in Canada differ considerably from States side particularly in the field of Machinery insurance. The cost of insurance on large risks can be negotiated in Canada as well as in the States and the only justification for going to the States for coverage is to procure limits of liability beyond the capacity of the Canadian market to absorb. And I might add that it is not always possible for assureds on either side to procure the required limits in its local market.

Marine Insurance

Turning to Marine Insurance, we find some special problem arising out of the operation of the Great Lakes fleets. These are shared by both the U. S. and Canadian markets. That they require special treatment is attested to by the special facilities set up in the U. S. marine market to handle them. The requirements of Canadian fleet operators demand special study in themselves because of the considerable difference in the laws of the two countries as they relate to Collision liabilities, and in respect to Protection and Indemnity insurance where injury to members of the crews, longshoremen, etc. is involved. Additional problems arise out of the closing of navigation during the winter months, preseason and post-season operations, and the many additional hazards stemming from the recent opening of the St. Lawrence Seaway involving as it does the operation of ocean-going and larger vessels through it into areas in which they had not formerly operated and are in many cases unfamiliar. A thorough knowledge of these conditions and their effect upon insurance coverage is a prerequisite to intelligent underwriting, and we have it in Canada.

Over a comparatively recent period a strong capable lead has been developed in the Canadian Hull market. This valued lead is recognized and followed by marine markets throughout the world. No Canadian operation need look beyond the border of its own country

(More on Page 44)

WHY IS ÆTNA CASUALTY CONCERNED about your safety program?

by
Donald G. Vaughan

Secretary, Safety Engineering Department
Ætna Casualty and Surety Company

Well, perhaps we might answer, "Because it's good business. We can't just sell insurance and then hope we won't have to pay many claims. We *must know* the risk we're taking."

You probably think that answer is rather cold . . . and so do we. Our real answer goes far beyond this concept. We're just as interested as any good employer in seeing that people have a good place to work . . . under clean, safe, modern conditions. At Ætna Casualty good business is more than dollars of premiums vs. dollars of losses. *Service* is an important part of our business,too. We call it "P.S. — Personal Service".

One of these services is Safety Engineering. We're concerned about your safety program because *we want to show you how to improve your safety record and cut your insurance costs.* By doing so, we hope to create good will which will make you a *permanent, valued client.*

What do we mean by Personal Service?

For one thing, personal service means fast, on-the-spot help when it's needed . . . and at Ætna Casualty we provide that with more than 230 trained safety engineers working out of 63 regional offices located from coast to coast.

But we go beyond just numbers . . . we try to train all our people to consider the human values rather than just the mechanical ones. We want them to be more than just "slide rule" engineers, so we impress them with the importance of *imagination* in safety engineering — imagination which enables them, when necessary, to look beyond ordinary safety measures to find an effective solution to a problem.

Here's just one example.

Castor Beans and Guinea Pigs

After taking on coverage for a manufacturing concern recently, we learned that every so often a sizeable number of employees would go home sick on a single day. Since the sick employees were usually back to work in a few days, and these illnesses never seemed to result in an insurance claim, we had never been asked to look into the problem. Nevertheless, our Safety Engineer was intrigued and decided to investigate. He made extensive studies, which included taking air samples within the plant. A lab analysis of these samples revealed a rather large concentration of *ricin,* a toxic substance derived from the castor bean. Samples of this substance were injected into a number of guinea pigs, and within 12 hours most of the guinea pigs were dead.

The offender had been found, but where was it coming from? Nothing within the plant could be tied in with the presence of ricin. The answer had to be elsewhere. A thorough check revealed that a nearby plant occasionally worked with a product made from *castór pomace.* Toxic dust given off in the process was being released outside where it was supposed to be harmless. This was clearly the source.

When our insured approached the management of the neighboring plant, they took quick steps to neutralize the harmful dust. Result? . . . the recurring employee illnesses were completely eliminated.

Can Ætna Casualty serve you?

Perhaps your firm has a safety problem . . . and would like some imagination applied to solving it. Let us show you how our trained specialists can help cut down lost time, improve plant morale, increase production, and often reduce your casualty premiums.

Remember — you're not just buying insurance when you buy from the Ætna Casualty: you're buying "P.S. — Personal Service".

"Off the Rack" or "Custom-Made" — Holloway

(From Page 12)

ing at a specified address. The coverage is against all risks of direct physical loss or damage to the property insured from any external cause except as excluded and attaches when the property comes at risk of the assured and continues thereafter while in due course of transit within the Continental United States of America or Canada and at locations within the Continental United States of America awaiting use in course of construction, fabrication, installation, erection, completion, or testing until formally accepted by the owner of until termination of the policy whichever shall first occur.' Is this so called Contractors' Multiple Peril Form (Completed Value Basis) classifiable as Inland Marine Insurance?"

Opinion: *Negative, See Sections E2 (1) and C.2 of the Definition.*

Section E2 (1) states that building materials such as structural steel, lumber, bricks and mortar may be covered in transit to place of installation and after arrival thereat, but such coverage must cease when the materials are installed and have become a physical part of the realty or when the seller's interest ceases whichever first occurs.

In other words a bundle of shingles at the building site may be covered by an Inland Marine policy, but coverage must cease when the carpenter attaches the shingles to the roof.

Section C.2 of the Definition states that domestic shipments not on consignment are eligible for Inland Marine Coverage provided that such shipments shall not be covered at manufacturing premises nor after arrival at premises owned, leased or operated by assured or purchaser, nor for more than ninety (90) days at other place of storage or deposit. This would mean that materials being assembled at a location not at the building site could not be covered for a period longer than ninety days.

These opinions, given by the Committee on Interpretation of the Nation-Wide Marine Definition, were subsequently adopted by a majority of the states. Let me say that in spotlighting these rulings I am not being critical of the committee for I believe that they represent logical interpretations of the Nation-Wide Definition. However, they do highlight some of the difficulties underwriters encounter in trying to fit the coverage to the individual risk—to "custom-make" coverage instead of taking it "off the rack."

Just in case you are not familiar with the Nation-Wide Definition, let me describe its purpose in words taken from its own preamble. It is an instrument whose purpose is to describe the kind of risks and coverages which may be classified or identified under state insurance laws as Marine, Inland Marine, or Transportation insurance, but does not include all of the kinds of risks and coverages which may be written, classified or identified under Marine or Transportation insuring powers, nor shall it be construed to mean that the kinds of risks and coverages are solely Marine, Inland Marine, or Transportation insurance in all instances.

Some sort of a restraining influence was certainly necessary in the Inland Marine field and it is not my intention to discuss the merits of the Definition as originally written and subsequently interpreted. Certainly, however, the Definition is a part of the compartmentation

(More on Page 24)

You'll enjoy "THE TWENTIETH CENTURY," *Sundays, CBS-TV*

"Handy" is certainly the word for Prudential's *Group Policyholder Service*. This service includes:

POSTERS—to bring the Group program to the employee's attention and increase awareness of its benefits.

PAYROLL INSERTS—to urge employees to report changes in their insurance status and thus keep records up to date.

HEALTH PAMPHLETS—to promote employee welfare by encouraging proper health attitudes and practices.

Prudential is always ready to assist its Group Policyholders by presenting to insured individuals additional information that will give them a better understanding and appreciation of their Group protection. For more information about this Group Policyholder Service, call your Prudential Agent, Broker or the Prudential Group or Home Office nearest you.

The Prudential

INSURANCE COMPANY OF AMERICA

TO OVER 35 MILLION PEOPLE—**INSURANCE** MEANS **PRUDENTIAL**

"Off the Rack" or "Custom-Made" — Holloway

(From Page 22)

which confines the insurance business in this country today. In general, fire and casualty lines have been surrounded with their own restraints. In other words, the "Off the Rack" concept has prevailed over the "Custom-made" concept.

But what about the fourth major category of insurance — Multiple Line? Well it seems to me that there is reason for real optimism when we look at the future of this type of business. I say that with the full realization that the influence of the Multiple Peril Insurance Rating Organization has waned and that along with it has gone much of the vitality of the original Manufacturers Output Policy. I say it, too, with the realization that the Industrial Property Floater has not been widely accepted and that the results of the Commercial Property Floater have been disappointing. I prefer to think that many of the difficulties experienced with these forms can be classed as growing pains and that out of the confusion will come "Custom-made" insurance that will do a better job for the insurance buyer. After all the Multiple Line concept is really not a new and untried thing. The Boiler & Machinery policy is a Multiple Line policy. The familiar Yacht Policy, combining as it does property damage and liability coverage, is a Multiple Line policy.

The words "indivisible premium" have been used to depict a wholly new and mysterious concept of insurance, but they really don't describe anything new. There is no separate premium for lightning coverage in the fire policy or for aircraft damage in Extended Coverage. Given credible statistics there seems to be no reason why rates can't be developed on a so called indivisible premium basis just as they have been for fire coverage.

While the impetus and pressure may have come from foreign competition, it is encouraging to note that within an increasingly large segment of the insurance business there is a growing recognition of the necessity of providing "custom-made" insurance.

Going back to the inquiry about Builders Risk insurance, the state of Texas now permits it to be written as Inland Marine. Presumably the decision was reached because Inland Marine was the most convenient vehicle for providing continuity of broad coverage. There is a possibility that the best features of the Industrial Property Floater and the Manufacturers Output Policy may be combined so as to provide one comprehensive policy which will do a really competent job for the industrial risk. An improved Commercial Property Floater is in prospect and the market for insurance of real property on an "All Risk" basis is broadening.

Encouraging, too, is the fact that while not too long ago the Inland Marine and Multiple Peril field was left to relatively few companies, today there is a substantial domestic market for these coverages. There are indications that more companies are planning to make these facilities available. I believe that we can expect a legal broadening of the Manufacturers Output Policy so that optionally it may cover at manufacturing premises. Possibly the boiler explosion exclusion in the same policy eventually may be eliminated. I think we can expect increased writings of Time Element coverages in conjunction with "All Risk" policies. I look for greater popularity of "piggy back" or "D.O.C." coverages and an increasing use of substantial deductibles.

All of this adds up to the fact that we can expect more tangible recognition of the needs of the insurance buyer. Less "Off the Rack," more "Custom-made."

Taxes and Insurance — Traynor

(From Page 10)

and to avoid penalizing the owners of properties seized by the Government for war purposes, Congress provided that gains from sales and conversions of business property would be treated as capital gains. This provision has remained in the law until the present day, although the original reason is no longer pertinent. In his recent budget message, President Eisenhower discussed the possibility of restoring the full tax rate on depreciable personal property gains, as a means of minimizing controversies between taxpayers and the Internal Revenue Service over depreciation rates.

A unique feature of Section 1231 is that its effect on any single business transaction is not predictable. If a corporation has a net gain for the taxable year from all sales, exchanges, and conversions of business properties, it is a capital gain. But if there is a net loss from all such transactions during the year, it is deductible at a present effective maximum rate of 52%.

This means that losses sustained by a corporation in a year when it has an excess of gains over losses will, in effect, result in a tax recovery of only 25% on the losses. Similarly, gains realized in a year when the corporation has larger offsetting losses will bear a tax burden as high as 52%.

One pratical result of this feature of the law has been that businesses find it to their advantage not to have a large gain and a large loss from sales or involuntary conversions of business property in the same year. The insurance aspect of the problem arises because gains from involuntary conversions will usually occur when a casualty loss is sustained on property having a low cost basis but a higher insured value because of increases in replacement costs.

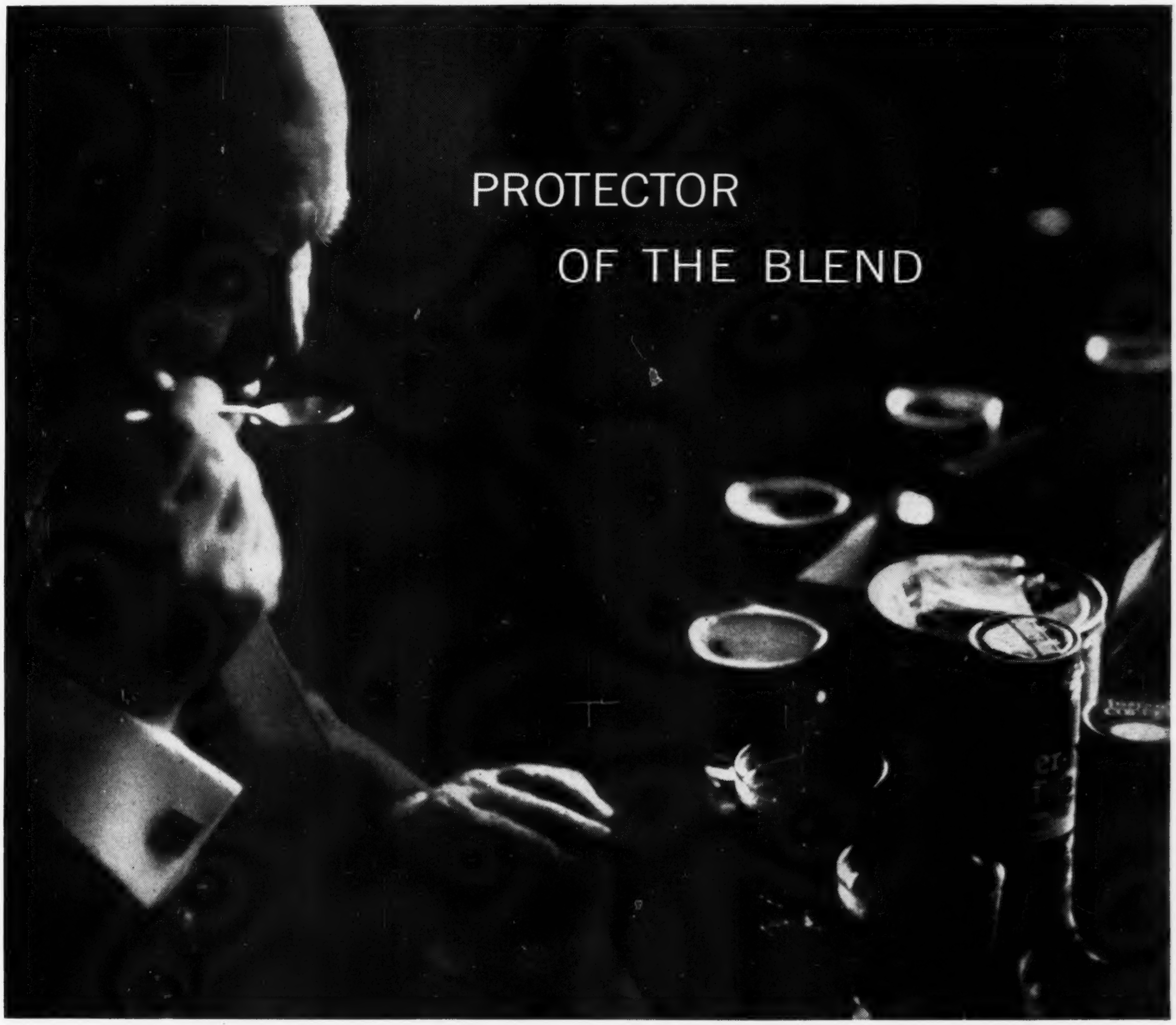
For instance, if a business has realized an insurance gain from a fire or other casualty, the financial executive may be reluctant to make an otherwise advisable sale of another piece of business property at a loss in the same year, because the two transactions would be blended together for tax purposes and the tax advantage of one or the other would be reduced. Similarly, if a piece of property has been sold at a sizable loss, and subsequently a casualty occurs in the same taxable year which produces an insurance gain, the tax adviser will be unhappy. There is still something he can do, under another section of the law, to alleviate his professional misery, and this is covered in a later section of this article.

Uninsured Losses

More often than not today, a sale of business property will produce a gain. And sales producing such gains are frequently made by business management with the relatively light capital gains tax impact in mind as one motivating factor. But in the same year, there may frequently occur one or more casualties resulting in losses rather than insurance gains, usually because there was no insurance coverage for the risk involved. This can occur either when the particular risk is uninsurable (as in the case of flood losses in a river bottom area), or because the company has taken a self-insured position by choice in view of the diversity of risk and the law as it existed for many years, either the casualty loss received capital loss treatment because it was combined with a larger gain from a sale of property, or the gain from sale became a fully taxable gain because it was netted against larger uninsured casualty losses.

In the minds of many taxpayers, this represented an unjustified penalty on self-insurance, since if the risk were insurable or if the company had elected to insure, the premiums paid would have been fully deductible as a business expense without regard to capital gains realized on business property sales.

(More on Page 30)



Here, in the coffee-taster's sanctum, Butter-Nut Coffee gets its delicious taste. Thomas J. Prettyman, senior vice-president of Swanson-owned Butter-Nut Foods, protects the blend by sampling one of the 48 varieties of beans that brew Butter-Nut flavor. A favorite in the Midwest since frontier days, Butter-Nut has added a new-type instant coffee and is rapidly expanding its market.

Another protector of the blend is Insurance by North America—a stabilizing force against loss in the over-all operations of importing, roasting, packaging and selling. INA, through its local agent, covers inbound shipments and has a share in Fire and Extended Coverages on various properties. It also writes Business Interruption to protect Butter-Nut profits.

Wouldn't your business benefit from this unusual protection and service? Ask your broker or any INA agent for more details on Insurance by North America ... the company that cares.

Insurance Company of North America • Indemnity Insurance Company of North America
Life Insurance Company of North America • World Headquarters: Philadelphia

INSURANCE BY NORTH AMERICA INA

A GIANT STEP FORV
THE AMERICAN SOCIETY OF INS

A Message From the President


W. Howard Clem

I am happy to announce to the members of The American Society of Insurance Management, Inc., that the Executive Committee as ASIM has approved the program of the Education Committee proposed by the Director of Education, Mr. C. Henry Austin.

In my opinion this program is original in concept, imaginative and practical. I heartily endorse the program and I am confident that the members of the Education Committee (as well as those on the Sub-Committees) as selected by Mr. Austin have the vision, capability and determination to achieve the goals set forth in this program.

I urge every member of The American Society of Insurance Management, Inc., to cooperate with this worthwhile effort in order to raise our educational standards and thereby take an important and giant step forward toward our ultimate objective — the professional status of the Corporate Risk Manager.

W. Howard Clem, President
The American Society of Insurance Management, Inc.

Report of Chairman of Education Committee


C. Henry Austin

Risk Management is a relatively new term in American business. It is used to identify the area of authority and responsibility of one of the specialists on the management team.

This specialist, who may bear the title of Corporate Risk Manager, is charged with the responsibility of identifying the corporation's exposures to loss, determining whether the losses can be assumed and recommending methods of protesting against those losses which cannot be assumed.

The methods of protecting against loss include reducing the exposure to loss (loss prevention and safety), transferring the risk of loss to a professional risk bearer (insurance) and initiating internal programs to spread the cost of losses over more than one fiscal period (self-insurance).

As one of the specialists on the management team, the Corporate Risk Manager should enjoy the recognition and freedom of action of a professional. While many of us may perform as professionals, true professional status cannot be gained solely on the basis of self-recognition. It must be earned on the basis of advanced education and training as well as performance.

The American Society of Insurance Management, Inc., recognized the importance of advanced education and training when it appointed an Education Committee.

At the present time, the Education Committee is cooperating in a "Study of Self-Insurance" by Mr. Robert C. Goshay, Fellow of the Huebner Foundation Society, University of Pennsylvania. We believe that the results, when released, will be a definitive study — not only of the theories and fundamentals of self-insurance, but more important, of the incentives, methods and evaluations which underly the choice between insurance and assumption of risk.

Depending upon the success of this initial venture, the Education Committee may assist in future studies of this type.

While these studies should be of benefit to the members of our society, the Education Commitee recognizes that we, as Risk Managers, require a program which will involve us as participants and not merely as patrons.

The Committee recognizes that none of us can afford to take two or more years out of our business lives to return to the "halls of ivy." The Committee also realizes that even if it were possible for one to return to school, he would find no course of study designed for the profession of Risk Management.

The Education Committee has, therefore, developed a program which is aimed toward three goals:

(a) Encouraging the development, by our schools of business, of courses leading to a degree in Risk Management.

(b) Investigating the development of courses of study to be pursued during non-business hours leading to some appropriate designation such as "Corporate Risk Manager."

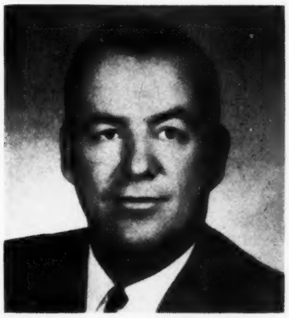
(c) Increasing the effectiveness of seminars conducted by local chapters of ASIM.

The constant and consistent growth in our membership and the age of The American Society of Insurance Management, Inc., indicates that we are sufficiently mature to seek and attain these goals. I believe this, our tenth anniversary year, is an appropriate time to start toward these goals.

On the next page are the Chairmen and members of the sub-committees who have been appointed to work on each of these programs, as well as a brief description of their area of responsibility. *(Any member of ASIM who has any suggestions or recommendations concerning any of these areas is urged to submit his ideas to the Chairman of the appropriate Committee or the Chairman of the Education Committee.)*

FORWARD Is Taken By INSURANCE MANAGEMENT, INC.

College Curriculum Sub-Committee



LON VARNADORE, CHAIRMAN
Weyerhaeuser Company
Tacoma Building
Tacoma, Washington

E. W. ALSTAETTER
North American Aviation, Inc.
4300 East Fifth Avenue
Columbus 16, Ohio

JAMES O. CRISTY
The Upjohn Company
Kalamazoo, Michigan

FRED W. GREENLAW
Kaiser Aluminum & Chemical Corp.
1924 Broadway
Oakland, California

CASIMIR Z. GREENLEY
International Minerals & Chemical Corp.
Administrative Center
Old Orchard Road
Skokie, Illinois

This Committee will work with colleges and universities and the appropriate Committee of the American Association of University Teachers of Insurance to develop a curriculum leading to a degree in Risk Management. It will also consider course requirements to establish Risk Management as a "minor" for students majoring in Finance or Economics, Business Administration or similar fields.

Professional Designation Sub-Committee

FRANK W. PENNARTZ, CHAIRMAN
Food Fair Stores, Inc.
2223 East Allegheny Avenue
Philadelphia, Pennsylvania

H. LANGDON HILLEARY
Standard Oil Company of California
225 Bush Street
San Francisco, California

ROBERT S. JOHNSEN
St. Paul Terminal Warehouse Co.
425 East Eighth Street
St. Paul, Minnesota

B. E. KELLEY
United States Plywood Corporation
55 West 44th Street
New York 18, N. Y.

JOSEPH T. PARRETT
Carnation Company
5045 Wilshire Boulevard
Los Angeles 36, California

This Committee will determine the feasibility of developing a course outline and a series of examinations leading to an appropriate professional designation such as "Corporate Risk Manager." These courses and examinations would be at the same professional level as the present courses and examinations established for the designation of CPA, CLU and CPCU. Agency management, insurance marketing and insurance accounting, a required part of the CLU and CPCU examinations would probably be eliminated or curtailed and greater emphasis would be placed on employee benefit plans, and loss prevention.

This Committee will also consider the vehicle for administering the program, such as preparing, conducting and grading examinations, developing and presenting classroom and home study material, and the approval of evening courses designed to prepare candidates for examinations. The Committee must also determine whether the program should be sponsored solely by ASIM or whether we should seek the assistance of cooperating organizations.

Seminar Sub-Committee

CHARLES H. THIELE, CHAIRMAN
Federated Department Stores, Inc.
222 West Seventh Street
Cincinnati 2, Ohio

ROBERT G. KENAN
The Southern Natural Gas Company
Watts Building
Birmingham 2, Alabama

RALPH W. LOW
Westinghouse Electric Corporation
3 Gateway Center
Pittsburgh 30, Pennsylvania

WILLIAM A. MILLER
Richfield Oil Corporation
555 South Flower Street
Los Angeles 17, California

DAVID C. MORRIS
Chance Vought Aircraft, Incorporated
P. O. Box 5907
Dallas, Texas

This Committee will work with colleges and universities to develop one or two-day seminars on subjects of current interest to Risk Managers. The ultimate goal is a recommended program of seminars for presentation by local chapters of ASIM in cooperation with local colleges and universities.

If several chapters in different sections of the country were to present the same subject and notes of the discussions were made available to the Seminar Sub-Committee of The American Society of Insurance Management, Inc., it would be possible to prepare a consolidated report of the conclusions of the various seminars which would not only be of direct benefit to all our members, but also add to the prestige of ASIM.

A Giant Step Forward

It is proposed that reports from the Chairmen of these sub-committees will reveal constructive results at the time of the next annual meeting of The American Society of Insurance Management, Inc., to be held in Chicago, Illinois, in November.

These results will depend upon the whole-hearted cooperation of all members of ASIM for we have taken a giant step forward for you, and you, and you.

C. Henry Austin, Chairman
Education Committee
The American Society of Insurance Management, Inc.

Taxes and Insurance — Traynor

(From Page 26)

A year ago, in the Technical Amendments Act of 1958, Congress removed this inequity. Section 49 (a) of this Act provided that uninsured losses from fire or other casualties, or from theft, will henceforth be fully deductible under all circumstances and will not be netted with Section 1231 gains and losses.

Section 1033

Having achieved an understanding of the tax effects of Section 1231 and their impact on corporate insurance arrangements, we are in a position to consider another section of the tax law involving insurance proceeds from involuntary conversions — Section 1033, relating to the non-recognition of gain under certain circumstances. This section, the basic features of which have been in the law since 1921, provides that if property is destroyed by a casualty, stolen, seized, or condemned, and the insurance or condemnation proceeds are reinvested in other property similar or related in service or use, the insurance or conversion gain will not be taxed, but will be subtracted from the cost basis of the new property, if the owner so elects.

The economic concept involved here is that if the owner wishes to remain in business he must replace the lost property, and to the extent that he expends the insurance or conversion proceeds to do so, he would be unfairly penalized if he had to pay tax on the reinvested gain. Suppose that property with a cost (less depreciation sustained) of $10,000 and insured for $110,000 is totally destroyed and the insurance collected. Similar property is then acquired for the same amount, $110,000. If the company which owned the property did not have the privilege of deferring recognition of gain under these circumstances, it would have to withdraw $25,000 from its operating funds to pay the tax on the insurance gain. In fact, in some cases as we have seen, it would have to withdraw $52,000 from operating funds to pay the tax, where a larger loss had been realized in the same year from a sale of another parcel of business property.

Recognition Sometimes Advisable

In the preceding paragraph, reference was made to the fact that the recognition of gain from involuntary conversion can be *deferred*. As this implies, the recognition of gain can be postponed, but can usually not be permanently avoided. The company's cost basis for future depreciation deductions, or for future gain or loss on eventual disposition of the property, is limited to the cost basis carried over from the old property (plus of course any money invested in addition to the insurance proceeds), and does not include the insurance gain. In effect, the gain is eventually taxed, in the form of reduced depreciation deductions in future years.

So again we encounter a situation where the arithmetic of the potentially applicable tax rates will sometimes affect business decisions. Where the tax on the conversion gain would be at a rate of 52%, as will be ordinarily true when a larger loss is sustained on the sale of other property in the same year, management will usually elect to defer the gain and carry forward the low cost basis of the old property. But where there is no offsetting loss, so that the applicable tax rate is only 25%, it may be advantageous for the company over the long term future to recognize the gain, pay the 25% tax, and obtain a correspondingly higher cost basis for future depreciation deductions on the replacement property. In the example considered above, by paying $25,000 tax the company becomes entitled to $25,000 in future tax benefits from depreciation deductions it would not otherwise have obtained. Obviously, the shorter the depreciable life of the replacement property the less the company will discount this $52,000 future benefit in computing its present value to determine whether nonrecognition of gain should be elected.

Property of Like Kind

Up to this point, in referring to the possibilities for nonrecognition of gain where involuntarily converted property is replaced, it has been indicated that the replacement must be "similar or related in service or use". This requirement has been contained in Section 1033 since its original enactment. Over the years, the Treasury and the courts have construed this term quite narrowly. A replacement of improved real estate with unimproved, or a barge with a tugboat, for example, would not be a replacement with similar or related property. As a result, the gain in such a case would be recognized for tax purposes. But here again, as in the case of uninsured casualty losses, a hardship of many years' standing was eliminated by the Technical Amendments Act of 1958. Section 46 (a) of that Act broadened the definition of replacement property eligible for nonrecognition of gain treatment, by substituting the concept "property of like kind" for "similar or related property" where there has been a taking by condemnation of real property. The significance of this change, to the corporate insurance manager, is that it should usually be ignored rather than remembered where insurance is involved; it applies only to real estate, and only where there has been a condemnation rather than a casualty. All personal property losses, and casualty and theft losses involving real estate, still come under the narrower "similar or related property" rule.

Use and Occupancy Insurance

Frequently where a casualty has occurred, proceeds will be received from use and occupancy or business interruption insurance. Generally the Courts have held that these

(Concluded on Page 46)

Central Illinois Chapter, ASIM And Illinois Wesleyan University Hold Joint Insurance Seminar

The Sixth Annual Insurance Seminar, sponsored jointly by the Central Illinois Chapter of The American Society of Insurance Management, Inc., and the Illinois Wesleyan University Department of Insurance, was conducted on the Wesleyan campus in Bloomington, Illinois, on Friday, May 6th.

The seminar was of interest to business executives, agents, insurance buyers for corporations, home office personnel, and others.

Speakers

Speakers for the morning and afternoon sessions included:

Dr. William T. Beadles, Professor of Insurance, Illinois Wesleyan University

Mr. E. H. O'Connor, Managing Director of Insurance Economics Society of America

Mr. Harley C. Fasse, Associate Manager of The Insurance Company of North America

Mr. G. A. Hartnett, Assistant Vice President of The Great Central Insurance Company

Mr. E. J. O'Brien of Lumbermen's Mutual Insurance Company

Topics

Topics discussed included:

"Federal Health Legislation"

Deductible Fire Insurance"

"Claims and Crime Prevention"

"A Forward Look at Insurance"

"Examination Under Oath"

A legal analysis of the significance and the scope of insurance policy requirements for examination under oath, has just been published in monograph form by the Insurance Advocate.

Inadequately employed by companies, the examination technique actually provides machinery for discouraging fraudulent or exaggerated and improper claims, according to Max J. Gwertzman, who wrote the monograph.

This is the third analysis of specific elements of the Standard Fire Policy done as a treatise by Mr. Gwertzman, who is a member of the New York Bar and a widely known writer and lecturer. His first analysis covered the Extended Coverage Endorsement and his second the Appraisal Agreement. The monograph, "A Legal Analysis of the Extended Coverage Endorsement" is on the recommended reading list of the CPCU.

Drawing on his extensive experience as a defense counsel, during which time he conducted examinations of clients under oath innumerable times, Mr. Gwertzman explains in his monograph that those companies which exercise care in paying losses and desire properly supported and documented proof wherever there is doubt about a claim, find the system extremely profitable and well worth the effort.

Using case book technique, the 28 page monograph reviews court decisions which have interpreted policy language such as that calling upon insureds submit to examination "as often as may be reasonably required" and produce for examination all books of account at "such reasonable time and place as may be reasonably designed". It also qualifies what are relevant questions material to a claim which may be asked at an examination as well as what constitutes proper notice to appear for examination.

Published by the Insurance Advocate, 135 William Street, New York 38, N. Y. the monograph costs 75 cents per copy. Special prices for bulk purchasers are being offered.

Speakers, Guests and Officers Meet at the Insurance Conference of Houston Society of Insurance Management, Inc., on April 13th.

Left to right: —
W. Howard Clem, Schlumberger Well Surveying Corporation and President of The American Society of Insurance Management, Inc.; Ambrose B. Kelly, Associated Factory Mutual Fire Insurance Companies; Geoffrey N. Calvert, Alexander & Alexander, Inc.; William A. Holcomb, Jr., Transcontinental Gas Pipeline Corp. and President of Houston Society of Insurance Management, Inc.; Fred L. Hillis, Anderson, Clayton & Company and General Chairman of the Conference; S. Gwyn Dulaney, The Travelers Insurance Company; and T. T. Redington, Jr., Dresser Industries, Inc. and a Director of ASIM.

Left to right: —
Mr. Eggar, The Travelers Insurance Company; Waldo Powers, Signal Oil Company (Los Angeles); William A. Holcomb, Jr., President of Houston Society of Insurance Management, ASIM; Mrs. Linda Burke, Editor, The National Insurance Buyer; W. Howard Clem, President of ASIM; and Peter A. Burke, Managing Director of The American Society of Insurance Management, Inc.

More than 200 persons from every phase of the insurance industry registered at the Seventh Annual Insurance Conference sponsored on April 13th by Houston Society of Insurance Management, ASIM.

Particularly noteworthy was the attendance of the undergraduates in the School of Business Administration, students of Dr. John Bickley, Professor of Insurance at the University of Texas (Austin).

On the evening before the conference, speakers and guests were invited to dinner at the Coronado Club in the Bank of the Southwest Building.

Liability Insurance — Gillespie

(From Page 14)

seeable future, and nothing should foster movement in that direction more effectively than the atmosphere of caution apparent at this time.

Broader Coverages

Liability insurance has come a long way in the brief span of the last twenty-five years, having displayed adaptability unequalled among other categories of insurance in yielding to pressures for broader and more flexible coverage. It is amusing to recall the feeling of accomplishment which attended the launching of the scheduled liability policies, with their separate compartments enabling the insured to select one or more of the traditional categories of hazard — premises and operations, owners' and contractors' protective, product, elevator and contractual. There was even a place for recording a miscellaneous hazard if one should dare to be so unusual as to be unacceptable in the other sections. It makes interesting reading to review one of these venerable package policies, and to thread one's way through the incredible number of exclusions, each striving to preserve the individuality and purity of the hazard divisions.

I remember well the occasion when I encouraged an insured to switch his liability insurance to INA by venturing to give him thirty-day automatic coverage for additional premises and elevators acquired during the policy period. Today, by contrast, an underwriter must be alert indeed if he is to learn of additional exposures swept into modern policies by their terms and conditions. As a matter of fact, it is not uncommon today to acquire first knowledge of a new operation or premises in the public press. My company was recently asked by one insured to change the territory provisions of its policy to read "anywhere in the universe" instead of "anywhere in the world," and before I retire I expect we will be asked to do this many times in the face of knowledge that the request is meaningful by virtue of the presence of actual exposures.

Liability insurance you will agree, has experienced a healthy development since those early days, and has freely abandoned restrictive and unrealistic policy provisions. When, in 1938, INA introduced its blanket liability policy, a manuscript form with a single rate base and a minimum of exclusions, it was satisfying an insistent demand for coverage to sweep across traditional hazard divisions. This policy continues to be popular today, and its dramatic success has been due primarily to thorough original appraisal and periodic reappraisal of risks, permitting the assignment of attractive premiums. Several years later the comprehensive general liability policy was promulgated by the bureaus, a development which contributed importantly to the evolution of liability insurance. Inevitably there appeared forms combining general and automobile liability insurance. Since World War II, which ushered in an era of increased risk size and diversification, there has been great emphasis on composite rating and the blanket application of policies specially drafted to apply to all elements of insurable exposure. Indeed, liability insurance has an impressive record of accommodating itself to the facts of life in your business.

Excess and Umbrella Policies

For many years, and until approximately five years ago, it was the practice of the corporate insurance buyer to require his primary carrier to take the general and automobile liability insurance limits of liability up to very substantial amounts. Where catastrophe insurance was needed to supplement primary insurance, the excess underwriter would issue a certificate of excess insurance, a useful device in increasing the underlying limits to the desired level while, at the same time, extending upward the terms and conditions of the primary policies. I am sure most of you are familiar with this technique. There were other arrangements, of course, which could be made for the provision of catastrophe coverage, but the certificate method prevailed. About 1955 that interesting phenomenon known as the "umbrella" policy came upon the scene, and swiftly became the vehicle for the provision of catastrophe insurance for a very great number of risks throughout the country. As the major domestic excess market, INA was in a position to observe the diminishing use being made of certificates of excess insurance as the result of the vigorous marketing of "umbrella" policies. Here was a policy which improved upon the terms and conditions of underlying insurance while providing the catastrophe limits required by enterprises of all kinds and sizes.

Let me discuss briefly how the "umbrella" policy operates. It is designed to float above primary automobile, general and employers' liability policies, and to "drop down," as we say, to a stipulated amount, usually $25,000, where underlying insurance is not carried but where the loss falls within the terms and conditions of the catastrophe policy. Excess of aggregate coverage is provided in the event of the reduction or exhaustion of general liability aggregate limits. The dramatic element which caused the policy to be so widely bought was its unprecedented breadth of coverage, including undefined personal injury liability coverage, property damage insurance on an unlimited occurrence basis, and broad coverage for property rented to, occupied or used by or in the care, custody or control of the insured. A feature which also endeared the form to producers and insurance buyers was the provision that, by virtue of the conditional operation of its exclusions, all coverage provided by the primary policies declared by the insured, where broader, was absorbed into the "umbrella" policy. It was not long before the new policy was described as a kind of errors and omissions coverage for

(More on Page 37)

her ar-
h could
f catas-
rtificate
955 that
own as
e upon
me the
f catas-
y great
out the
omestic
a posi-
ing use
f excess
e vigor-
a" poli-
ich im-
l condi-
e while
mits re-
l kinds

ow the
s. It is
primary
employ-
o "drop
pulated
where
not car-
s within
of the
f aggre-
in the
exhaus-
ggregate
t which
widely
edented
ling un-
liability
e insur-
urrence
or prop-
or used
or con-
e which
produc-
was the
of the
s exclu-
l by the
by the
was ab-
" policy.
he new
kind of
rage for

Here's the policy you file under "C" for Convenience as well as Coverage!

It measures only 9" x 11¼" . . . opens like a book . . . closes flat as a pancake . . . and files away like a charm! This gives you a quick picture of the more obvious advantages of the famed Manufacturers Mutual book form policy. Here are some others.

You can add endorsements quickly and easily. A simple twist of the fast-opening plastic ring binder and you slip in new pages with no fuss or fumbling. There's plenty of room, too, for additional riders so that you'll never have to cram your file folder with loose pages. Also, to help you keep a running record of endorsements, there's a printed-in entry form on the inside cover. In a word . . . *convenient!*

You'll note, too, there's no room for "gobbledygook" in the concise contents of this policy. The terms under which Manufacturers Mutual provides its Policyholder Members with the broadest possible insurance coverage at the lowest possible net premium cost are spelled out in clear, easy-to-understand language. We now enjoy a record of nearly 125 years of almost complete freedom from having a court of law determine what is meant by these terms. We would like to tell you more about this record at your convenience. Write for further details.

Manufacturers Mutual Fire Insurance Company

1500 TURKS HEAD BLDG., PROVIDENCE 1, R. I.

No. 250 in a series

Over $69,000,000,000 Insurance in Force in the Factory Mutual Companies

Printed in U.S.A.

THE OLDEST AND LARGEST OF THE EIGHT FACTORY MUTUAL COMPANIES

Liability Insurance — Gillespie

(From Page 36)

corporate insurance buyers; and as one broker put it, "conducive to their worry-free slumber."

The umbrella policy concept really was not new. INA had written over the years many blanket liability policies on an individual risk basis, combining such classes as automobile liablity, general liability, workmen's compensation and employers' liability, protection and indemnity, non-ownership aviation liability, and miscellaneous subsidiary features of coverage required to meet the specifications submitted. The form often operated in excess of underlying insurance with varying amounts merely by rising above such policies, and, of course, applied in excess of the stated retention where self-insurance prevailed. The "umbrella" policy, however, was new, and certainly unique, in that it was marketed freely upon the completion of a simple questionnaire, and judging from many premiums charged which have come to my attention, with only a casual exploration of the hazards involved.

"The Big Top"

INA quickly placed its Blanket Catastrophe Liability Policy in competition, calling its new policy BIG TOP. It met with gratifying success, and, if the quickened interest of producers and insureds in the past few months is a reliable harbinger, BIG TOP will play a significant part in supplying catastrophe insurance to American industry during 1960.

There is no denying that the principle of blanket catastrophe liability insurance, with a drop-down into areas uninsured or self-insured, is now a permanent part of the insurance programs of industries, great and small. I think it is an exciting and challenging development which widens the field of flexibility granted to the insurance manager in planning an adequate portfolio and calls for acumen on the part of the underwriter. The blanket excess policy should not be a coverage substitute for a properly-designed and underwritten primary insurance program, nor should it operate in lieu of proper limits carried under primary policies. The "umbrella" policy has been doing both. Several years ago I was informed by a producer that he was able to save his clients substantial sums of money merely by reducing the limits of liability of primarly automobile and general liability policies, to, say, \$25,000 or \$50,000, and applying the "umbrella" policy in excess of the reduced limits. He went on to say that the cost of the catastrophe policy was defrayed in many situations to the extent of almost 100%, and in some over 100%, by the offsetting effect of the premium saving derived from the reduction of the primary limits. The transaction was, at the same time, providing greater total limits of liability and coverage never before available. Having been trained entirely by an insurance company whose philosophy is that it is entitled to a reasonable profit, I have never been able to figure how this works.

"The Drop-down"

The drop-down feature of the "umbrella" policies has been coming into play in connection with three important hazards, each of which has been a problem for underwriters and insurance buyers for many years. I refer to injury to property rented to, occupied or used by or in the care, custody and control of the insured, liability for personal injury, and "occurrence" property damage liability. Of course, the excess coverage could drop down in other areas of varying importance, depending upon the characteristics of the underlying insurance and the presence of self-insurance.

Before discussing the three hazards mentioned, let me observe that drop-down probably has occurred reluctantly in ways unplanned by the excess underwriters, growing out of differences in the terms and conditions of the primary policies and the catastrophe cover, differences that obviously can be expected to breed controversial claim situations. It is evident that where a primary policy and an excess policy express the same condition or exclusion in materially different ways, thereby failing to dovetail efficiently, the possibility is always present that the carriers will not agree as to the application of their respective policies to a loss situation. As the excess policy invites itself into a loss position by virtue of a drop-down operation, the primary carrier may be encouraged thereby to accept the invitation by being more literal in the interpretation of its policy than might otherwise be the case. At the same time, the excess carrier is not going to concede that the wordings of the two policies do not have identical meanings, thus preserving the elevated point of attachment of its policy. Here is a wonderful opportunity for the semanticists to have a field day!

Passage of time ultimately may ease the perplexing problem if the evolution of primary and excess policies tends to draw carriers closer together in their wordings. The "umbrella" policies, however, do not appear to be headed in this direction, having given limited recognition to the traditional phraseology of the liability business in the United States. In an effort to avoid such awkward coverage differences, INA, in the development of its BIG TOP, retained the format and phraseology of American policies wherever possible. *You, as buyers of insurance, can aid in eliminating the deficiency by looking with favor upon the concept that primary and blanket catastrophe liability policy wordings should at least descend from the same family tree.*

As an interesting exercise in the non-concurrence of primary and "umbrella" wordings, I recommend that you review the product liability insurance provided by the two forms. Compare the definitions of the product hazard and the exclusions pertaining to that hazard, not overlooking, of course, other

(More on Page 38)

Liability Insurance — Gillespie

(From Page 37)

relevant terms and conditions. There is no need for this lack of concurrence. If the blanket excess policy is to establish a drop-down position through the broadening of traditional basic wordings, it should be done by exceptions to such wordings, the creation of additional interpretative language or the elimination of certain terms or conditions.

Area #1

Let me get back to the three important areas of the planned drop-down of "umbrella" policies. The first is concerned with injury to or destruction of property rented to, occupied or used by or in the care, custody or control of the insured. The "umbrella" policy has been offering coverage without qualification, except as to owned property, and apparently will continue to do so. Covering such property is, I think, a diminishing issue between primary underwriters and their insureds, for in recent years much realism has been displayed by underwriters in the satisfaction of reasonable requests for coverage. Many insureds are content to self-insure a first loss in this area, thus avoiding the weighing of primary premiums to reflect an exposure that is difficult to rate from the ground up, but which can be measured reasonably well in excess of, say, $25,000 to $100,000. The blanket excess policy, therefore, is a convenient vehicle for working out a program for this hazard along individual lines.

Underwriters generally encounter difficulty in handling, on a blanket basis, contractual liability insurance as respects injury to or destruction of such property, particularly leased real property of substantial value, where the liability assumed by the insured goes beyond the statutory or common law liability resting upon the insured in the absence of the contract. Assumptions of liability under lease agreements can create exposures which approximate and often exceed the fire and extended cover perils insured in an orderly fashion by the fire companies. In an age of lease-back arrangements, extraordinary property values, complicated corporate families and the presence in policies of cross-property damage liability provisions, blanket contractual liability insurance as to leased property calls for a thorough examination of the exposures and the physical damage insurance program involved. Individual risk negotiations almost inevitably will result in mutually acceptable coverage and premium and avoid the possible absorption of losses which should remain the risk of the industry or the physical damage insurers.

Area #2

The second important area of drop-down invited by the "umbrella" forms, one which I believe is being discontinued in revised forms entering the market at this time, has been personal injury liability insurance where the term "personal injury" stands without limitation. Modern definitions of "personal injury" include a long and serviceable list of individual "perils," familiar, I am sure, to all corporate insurance buyers. Causes of injury have been added from time to time, and surely additional ones will be added in the future in a manner which will establish their insurability. I gather from what lawyers tell me that the term has not substantive meaning in the law of the kind to make it useful as a foundation for the building of policy coverage. The unrestricted sweep of "personal injury" can include virtually any cause of injury to the person, from alienation of affections or mayhem to loss of good will or reputation, and from unfair business practices to obstructing justice or maintaining a monopoly. To confuse the matter even more for the underwriters, I am told that, although "personal injury" seems literally to limit its application to injury to natural persons, it can embrace injuries sustained by partnerships and corporations, thus invading the purview of the property damage liability coverage. Undefined personal injury liability coverage is sufficiently troublesome, but when we join it in the same policy with undefined occurrence property damage coverage, and embrace "loss" of property as well as its injury or destruction, we have just about issued a blank check. I do believe that the modern definitions of "personal injury," as found in blanket primary and excess liability policies, are capable of doing a good job, and that where insurance for an additional cause of injury is required, the consequences of which are deemed to be insurable, individual risk negotiations should result in agreeable terms.

Area #3

It was as long as fifteen years ago that the first effort was made to provide so-called occurrence property damage insurance by introducing a definition of "accident." The purpose of the definition was, of course, to recognize by positive language the fact that injury to property is not always due to a sudden, unexpected event, identifiable as to time and space, but can be the unexpected result of continuous or repeated exposure to condition, often apparently normal conditions, present in activities and operations of industries. There followed many long years of experimentation with definitions, with virtually every carrier coming out with one or more versions of its own. I have an interesting collection of these wordings, many of which are vague and indefinite and, while purporting to broaden the coverage, only serve to leave it open to doubt.

What was happening? At the risk of oversimplification, let me sum it up by saying there was resistance on the part of insurance buyers and producers to the manner in which the phrase "caused by accident" was being interpreted by carriers relative to the unusual and unprecedented kinds of losses coming in with greater frequency and with potentially greater cost to the

(More on Page 40)

KNOW-HOW IS NO ACCIDENT

Liability Insurance — Gillespie

(From Page 38)

underwriters. Some unfortunate litigation occurred which perhaps should have been avoided. Gradually the definition of "accident" gave way to the elimination of the word from many policies and the substitution of the word "occurrence," accompanied at first by assorted definitions of the new word. It was inevitable, I suppose, that in time the trend should reach the point of the word "occurrence" standing alone and without any definition at all. That is what happened, most frequently in the area of catastrophe exposures, with the advent of the "umbrella" policy and the uninhibited occurrence property damage liability insurance provided by that form. "Occurrence" coverage has been its major attraction and the third and most active field of drop-down.

I read somewhere recently that the utilization of jet aircraft for industrial aid purposes is the last stage in the transition from "flying by the seat of the pants" to "flying by the back of the head." Liability insurers, it seems, have been reversing the process and are now, or until recently have been, underwriting "by the seat of the pants" rather than by the use of policies which make an effort to express the insurance intended to be provided. Surely there has been no intention to embrace coverage for such things as injury to good will or reputation or for loss arising out of willful perpetuation of nuisances, trespass, unfair or discriminatory business practices, obstructing justice, and many other elements of loss which can be said to involve guarantees of the scientific, business or professional ability and conduct of management. Reputable American businessmen conduct their enterprises so as to avoid such losses, and to be ready to pay the consequences if any one of such misfortunes should come to pass. Certainly, I expect no one to indemnify me for my mistakes of judgment or for my intentional or willful acts, and you certainly do not want to pay premiums which would contribute to the fund out of which I would be made whole for such acts.

It has been said that an exclusion as to injury caused by intentional acts of the insured is the answer to the "occurrence" problem. Such an exclusion helps, of course, but it is not a bar to improper claims, for the burden is upon the insurance carrier to establish that there was intent on the part of the insured to cause injury — a difficult burden indeed.

The underwriters of the "umbrella" forms appear to have

(More on Page 42)

HOW YOU CAN BENEFIT...

from our expanded facilities and services

GREATER FINANCIAL STRENGTH
CU/NB Group is one of the world's largest insurance groups with assets approaching $900 Million Dollars.

EXPANDED UNDERWRITING FACILITIES
CU/NB Group provides complete multiple line insurance protection . . . Fire and Allied Lines, Casualty, Bonds, Automobile, Boiler and Machinery, Aviation, Inland Marine and Ocean Marine.

COMPREHENSIVE SERVICE
CU/NB Group has some 19,000 Agents in 50 States and numerous Claims and Service Offices world-wide.

By using the facilities of our complete protection service it is possible for insureds to fulfill practically all of their insurance requirements through a representative of one of the 14 companies in the CU/NB Group . . . making the buying of insurance easier and more efficient. Write us for the name of our agent nearest you. He will welcome the opportunity to demonstrate the advantages of doing business with...

COMMERCIAL UNION ASSURANCE COMPANY LTD. ONE PARK AVENUE, NEW YORK 16, N. Y.

NORTH BRITISH & MERCANTILE INSURANCE COMPANY LTD. 150 WILLIAM STREET, NEW YORK 38, N. Y.

AMERICAN CENTRAL INSURANCE COMPANY
THE CALIFORNIA INSURANCE COMPANY
CENTRAL SURETY AND INSURANCE CORPORATION
COLUMBIA CASUALTY COMPANY
COMMERCIAL UNION INSURANCE COMPANY OF NEW YORK
THE COMMONWEALTH INSURANCE COMPANY OF NEW YORK

THE MERCANTILE INSURANCE COMPANY OF AMERICA
THE OCEAN ACCIDENT AND GUARANTEE CORPORATION, LTD.
THE OCEAN MARINE INSURANCE COMPANY LTD.
THE PALATINE INSURANCE COMPANY LTD.
THE PENNSYLVANIA INSURANCE COMPANY
UNION ASSURANCE SOCIETY LTD.

COMMERCIAL UNION- / NORTH BRITISH
CU/NB
GROUP

ATLANTA • PHILADELPHIA • DETROIT • CHICAGO • KANSAS CITY • SAN FRANCISCO

Liability Insurance — Gillespie

(From Page 40)

wearied of the effort to ward off business risk claims with their defenses immobilized, and are evidently returning to a definition of "occurrence" which brings the policy into play only where there is direct injury or destruction of tangible property and where such injury or destruction is unexpected or unintentional. I expect there will be renewed efforts on the part of the industry at large to draft a property damage insuring agreement which will be acceptable in most risk situations, and I think there is general agreement that, as respects the great majority of businesses, a standard wording is badly needed. Those risks with complicated and diversified operations admittedly require special treatment, and I feel the insurance industry is prepared to do all that is reasonably required in order to provide acceptable insurance. As reputable buyers of insurance do not want coverage for their business mistakes or for such things as perpetuating a nuisance, they should be prepared to accept a basic definition of "occurrence," and then solicit consideration of special elements of coverage which they feel they rightfully should have and are not getting under the "occurrence" definition.

The Beginning of the End

I believe we are witnessing the beginning of the end of the very prolonged and difficult birth of a new concept of property damage liability coverage. If carriers are really serious about discarding the excesses of policywriting arising out of competitive eagerness to acquire business, I think we will make real progress in bringing order to a very confused corner of the insurance business. If not, the era of subsidization of industry will continue until losses dictate otherwise.

Let me comment briefly at this point on a pattern of corporate liability insurance developing beneath the BIG TOP and the "umbrella." Retrospective rating practice has long been the most attractive technique for handling larger risks with respect to general liability, automobile liability and workmen's compensation hazards not self-insured. It has been interesting and gratifying to me to observe a decided trend toward greater use of retrospective rating in the insurance programs of medium-size industries, and even small industries where sufficient premium can be generated by the three lines of insurance in combination.

What motivates this trend? It is difficult to avoid oversimplification in answering this question, for individual risk situations can always be advanced to confound the expert. However, it is my opinion that *corporate insurance buyers have become more sophisticated and analytical in their approach to cost-plus insurance*. They recognize, I believe, that in the long run insurance costs in the first-loss area of general and automobile liability insurance will be lowered if retrospective rating is employed. The limits of liability normally subject to a retrospective rating plan range from $10,000 to $25,000 in a varying pattern. The calculation of guaranteed-cost premiums in this area calls for a permissible loss ratio low enough to permit the underwriter to accumulate reserves for periods of hardship forecast by the prior loss pattern or by the presence or anticipation of dangerous or diversified operations. Under a cost-plus plan the possible redundancy thus created is reasonably certain to flow back to the insured over a period of time, with the company retaining only premium enough to cover losses, expenses, a contingency fund dependent upon the placement of the maximum premium factor, and a reasonable profit.

The flexibility of retrospective rating practice in most jurisdictions, and especially in the handling of national and multi-state risks, has given it an important part to play in a well-designed foundation insurance program.

I observe also a growing interest on the part of individual management in high maximum premium factors in order to shrink the contingency fund in the plan to its lowest level. Obviously, the higher the maximum premium factor the less the retrospective underwriter needs to hedge against a wave of adverse loss experience. As one insurance manager put it recently upon being asked why he selected a renewal proposal with a very liberal penalty: "Let's face it. We would like to self-insure the first $25,000 of loss but we realize it is not feasible for a number of reasons. We look on our retrospective rating program as a method of approaching as close to self-insurance as possible. We are really buying claim and safety service, and there is little point in paying the company an insurance charge for a risk we would like to take ourselves."

"Self-Insurance"

It may interest you to know that, in establishing an upper limits program, several larger firms doing business with my company have elected to establish a self-insured interval immediately above the limits retrospectively rated and up to as much as $50,000 any one occurrence. I am sure they deem a venture of this kind to be a practical compromise with a desire for self-insurance status. By such an arrangement the catastrophe exposure is elevated to a point out of range of loss frequency. Inflation of the past decade and increased claim consciousness in a litigious age, have rendered limits of liability up to $25,000 incapable of absorbing so-called primary losses as effectively as they did in earlier years. The effect of the higher average claim cost on the area between, say, $25,000 and $50,000 has been to cause it to become self-rating on the risk's own experience, and the insurance buyer for the larger industry is encouraged to take his own risk by the greater certainty of an accurate forecast of his loss position. As I indicated, the true catastrophe insurance is now free of concern

(Concluded on Page 45)

Insurance Markets Across the Border — Gray

(From Page 20)

to arrange for adequate protection and service in either the Hull or Cargo markets. In the latter there is a sufficient breadth of market to provide required coverage at competitive rates.

Blanket Accident Insurance

Many firms have arranged Blanket Accident policies for the benefit of those in their employ whose duties involve travel beyond commuting to and from their place of business. These policies have developed over the years from a beginning marked by the advent of airline travel by a few top executives for whom individual trip policies were negotiated as they ventured on each excursion. Annual Group Aviation Accident policies, at first restricted to business flying but later to include all commercial airline flying, were then devised. These were more recently broadened to include other forms of business travel and now are available in the very broad form of 24 hour accident cover. Markets for this insurance were developed in both countries with certain insurance companies specializing in this type of contract. These companies operate on a highly competitive basis in the Canadian market with the result that Canadian companies can usually negotiate more successfully at home than in outside markets.

Group and Pension Insurance

The development of Group Life, Health, Accident, Hospitalization and Pension plans obviously requires an intimate knowledge of Federal and Provincial laws and regulations. The general tax situation, the absence of a Social Security law, the Canadian old age pension, and Provincial Hospital plans are a few potent reasons why the coverages for Canadian employees must be separately negotiated. It requires full knowledge of the effect of all of these to devise a suitable plan and I think it should suffice to say that the proper solution requires the technical skills of local actuaries.

Observation

So you see, the markets are different only to the extent that the requirements of Canadian industry and operation demand special study and answers of somewhat different design. It is not unnatural that the markets, having been developed over many years under distinctive national influences, should have devised somewhat different answers even to identical problems. I think it is fair to say that neither market can be said to be basically inadequate in respect to the demands made upon it, and further, that it would not be in character to expect complete harmony of detail.

Liability Insurance — Gillespie

(From Page 42)

with losses falling within this sensitive field, and real economy is likely to result from avoiding the application by underwriters of a low permissible loss ratio in calculating a premium for the interval self-insured.

The same forces that suggest a self-insured interval as respects the larger risks are at work to encourage risks of lesser size to expose higher limits of liability to retrospective rating. I think this is a desirable trend, for retrospective rating functions best when it encompasses a reasonable part of the primary loss area. However, correction has been noted on a relatively narrow front, and only the passage of time will give empasis to the concept that exposing higher limits under the plan will mean long-range economy through lessening the frequency of loss within the limits rated on a guaranteed cost basis.

My remarks have been very general and have covered a wide area of liability insurance, but it is my hope that they will suggest subjects for further investigation by The American Society of Insurance Management, Inc. I think it is very constructive for insurance buyers to share their problems and experiences in the management of corporate insurance portfolios through organizations of this kind. As a matter of fact, it is unquestionably necessary that you join forces in these days of rapid changes in the insurance business. It is evident that the buying of corporate insurance has come to demand the depth of experience and professional ability required in the successful underwriting of it, and this is especially true in the planning of a liability insurance program to accommodate the individual requirements of your firms.

(Address before The Insurance Buyers Association of Detroit, American Society of Insurance Management, Inc.)

Taxes and Insurance — Traynor

(From Page 30)

proceeds are fully taxable ordinary income, because they are not compensation for loss of property but rather for loss of profits. *Oppenheim, Inc. vs. Cavanaugh*, 90 Fed. Sup. 107. This is so even where the proceeds of the policy are limited to a stated amount per day. *International Boiler Works*, 3 BTA 283. But an important tax distinction must be drawn between use and occupancy insurance policies which measure recovery in terms of lost profits or interrupted earnings, and those policies under which the amount payable is specified as a stated amount per day, without any reference to earnings or profits. In a number of early decisions, the Board of Tax Appeals which was the predecessor to the present day Tax Court held consistently that insurance proceeds based on a flat daily amount or other periodic allowance for the loss of use and occupancy of property destroyed by a casualty are properly included with the proceeds of other property insurance received by reason of the loss of the property, in determining the amount of gain not recognized when reinvested in replacement property.

While the cases on this point were decided before the adoption of the predecessor section to the present Section 1231, and consequently there has not been to date a direct judicial determination that proceeds of "valued" or fixed amount per day use and occupancy policies are taxable as capital gain when not reinvested in replacement property, it is certainly at least arguable that this should be the result. Readers sufficiently interested in this question to read a detailed discussion of its merits are referred to an article, "Taxation of Proceeds of Use and Occupancy or Business Interruption Insurance" by Robert L. Merritt, in the June 1955 issue of Taxes magazine. For a technical discussion of the legal merits of the concept that per diem use and occupancy insurance proceeds are nontaxable when reinvested, see the opinion of the Board of Tax Appeals in *Piedmont Mt. Airy Guano Co.* 3 BTA 1009, and the editorial comment in Mertens' *Law of Federal Income Taxation*, Sec. 20.179.

Severance Damages

While the receipt of severance damages probably occurs more frequently in connection with condemnations not involving insurance than it does in connection with insured casualty losses, a brief reference to the tax treatment of severance damages may be appropriate before concluding this article. Severance damages received in connection with an involuntary conversion, if separately identifiable, are not included in the proceeds for purposes of computing the involuntary conversion gain. Instead they are applied to the cost basis of the remaining property. Assume there has been a condemnation of about one-half of a piece of real estate. A condemnation award of $110,000 is received, of which $10,000 is specified as being for severance damages. The cost basis of the entire piece is $20,000, and of the condemned part, $10,000. The owner does not reinvest the $10,000 of severance damages in replacement property, but does reinvest the remaining $100,000. Although he has not reinvested the entire proceeds, there is still no taxable gain. The unreinvested $10,000 of severance damages is applied against the cost basis of the remaining half of the property, reducing it to zero. Although the owner has received a severance award applicable to the remaining property and retained it in cash instead of reinvesting it, he still has no tax to pay on the recovery, having instead merely recovered his original cost basis.

*The involuntary conversion provision applies to all property operated as an economic unit, even though not all of the property has been seized and condemned, e.g. where property lost its value as a golf course when bisected for a public highway. (Rev. Rul. 59-361.)

Conclusion

If there is a moral, or precept of general applicability, to be gained from this article, it can perhaps be expressed in these words: To carry out their functions most effectively in the areas where insurance and taxes overlap, the insurance manager and tax advisor should each endeavor to be as conversant as he can with the principles which the other follows in carrying out his role, and with the rules under which he functions.

Meet "S. S. Huebner"

(From Page 16)

courses and to write about the very real human values in insurance. He served on governmental committees. He spoke and led industry groups. He brought a new dedication to the insurance profession.

Today, Dr. Huebner continues — in very active retirement — to write and lecture. He still displays the energy and insight which the reader will find throughout this new volume. He continues to be an energetic leader, difficult to confine within the limitations of a book, but a source of strength to those who know him and a continuing source of inspiration to those who can now read about him.

—*Bill Alrich*

Reprinted from "Spectator" April 1960.

ASIM Provides Medium for "Study on Self Insurance Practices"

The American Society of Insurance Management, Inc., through its Education Committee *(see pages 28 and 29 of this issue)*, has provided the medium for a study on "Self-Insurance Practices" to Robert C. Goshay, Fellow, for a doctoral dissertation in economics and insurance at the University of Pennsylvania under the auspices of the S. S. Huebner Foundation.

This study will provide an excellent means of comparing the practicality of self-insurance in terms of administrative problems, exposure, tax considerations, etc., as well as evaluating the effectiveness of existing programs.

The results of this study will be of interest to all members of the American Society of Insurance Management, Inc. Self-Insurance has become an increasingly prominent solution to the problem of rising insurance costs. There are indications that it may become even more attractive in the future.

Advertisers — May 1960

AMERICAN SOCIETY OF INSURANCE MANAGEMENT, INC.

8 WEST 40th STREET
NEW YORK 18, N. Y.

PETER A. BURKE, Managing Director

OFFICERS
1959-1960

PRESIDENT
W. HOWARD CLEM
Schlumberger Well Surveying Corp.
P. O. Box 2175
Houston, Texas

1st VICE PRESIDENT
T. V. MURPHY
Maryland Shipbuilding & Drydock Co.
P. O. Box 537
Baltimore 3, Maryland

2nd VICE PRESIDENT
C. HENRY AUSTIN
Standard Oil Company (Indiana)
910 South Michigan Avenue
Chicago, Illinois

TREASURER
F. W. NORCROSS
The Budd Company
2450 Hunting Park Avenue
Philadelphia 32, Pa.

SECRETARY
MERRITT C. SCHWENK, JR.
Fruehauf Trailer Company
Detroit, Michigan

REGIONAL VICE-PRESIDENTS

R. S. JOHNSEN
St. Paul Terminal Warehouse Co.
4255 Eighth St.
St. Paul 1, Minnesota

ROBERT G. KENAN
The Southern Natural Gas Company
Watts Building
Birmingham 2, Alabama

RALPH W. LOW
Westinghouse Electric Corporation
3 Gateway Center
Pittsburgh 30, Pa.

WILLIAM A. MILLER
Richfield Oil Corporation
555 South Flower Street
Los Angeles 17, California

DAVID C. MORRIS
Chance Vought Aircraft, Incorporated
P. O. Box 5907
Dallas, Texas

FRANK W. PENNARTZ
Food Fair Stores, Inc.
2223 E. Allegheny Avenue
Philadelphia, Pa.

RICHARD PROUTY
Norton Company
Worcester 6, Mass.

CHARLES H. THIELE
Federated Department Stores, Inc.
222 West Seventh Street
Cincinnati 2, Ohio

BOARD OF DIRECTORS

EDWARD W. ALSTAETTER II
North American Aviation, Inc.
4300 East Fifth Avenue
Columbus 16, Ohio

DARRELL S. AMES
Eastern States Farmers' Exchange, Inc.
West Springfield, Mass.

A. A. BAKER
Funk Bros. Seed Company
Bloomington, Illinois

ROBERT M. CONE
General Motors Corporation
3044 West Grand Blvd.
Detroit 2, Michigan

G. L. FOLEY
Humble Oil Refining Co.
P. O. Box 2180
Houston, Texas

CHARLES R. GARTON
Atlantic City Electric Co.
1600 Pacific Avenue
Atlantic City, New Jersey

J. G. HARPER
Northern Electric Company Ltd.
1050 Beaver Hall Road
Montreal, P. Q. Canada

FRANK HORNBY, JR.
U. S. Industries, Inc.
250 Park Avenue
New York, N.Y.

HARVEY HUMPHREY
Title Insurance & Trust Company
433 South Spring Street
Los Angeles 13, Calif.

RUSS W. HUMPHREY
Southern Pacific Co.
65 Market St.
San Francisco, Calif.

PAUL MacDONALD
Carling Brewing Company
9400 Quincy Avenue
Cleveland 6, Ohio

FRED L. MATTSON, JR.
West Coast Lumbermen's Association
1410 South West Morrison Street
Portland 5, Oregon

RALPH W. LOW
Westinghouse Electric Corporation
3 Gateway Center
Pittsburgh 30, Pa.

GEORGE J. MORRISSEY
Reynolds Metals Company
Reynolds Metals Building
Richmond, Virginia

ROBERT R. NEILSON
Morgan Construction Company
15 Belmont St.
Worcester, Massachusetts

HENRY A. NEWMAN
The Andrew Jergens Company
2535 Spring Grove Ave.
Cincinnati, Ohio

WM. R. QUAY, JR.
The Coca-Cola Company
P. O. Drawer 1734
Atlanta, Georgia

T. T. REDINGTON, JR.
Dresser Industries, Inc.
Republic National Bank Building
Dallas 21, Texas

LON VARNADORE
Weyerhaeuser Company
Tacoma Building
Tacoma, Washington

EDWARD M. WALTON
Harry P. Campbell Sons Corp.
Towson, Maryland

HOWARD T. WEBER
Minnesota Mining & Manufacturing Co.
900 Farquier Avenue
St. Paul, Minnesota

A. A. WIDTMANN
A. O. Smith Corporation
P. O. Box 584
Milwaukee 1, Wisconsin

E. R. ZIMMERMAN
The American Bakeries Company
919 North Michigan Avenue
Chicago, Illinois

CHAPTER DIRECTORY

AMERICAN SOCIETY OF INSURANCE MANAGEMENT, INC

ALABAMA SOCIETY OF INSURANCE MANAGEMENT, INC.
Meetings—Second Thursday, each month. Dinner 7 P.M.
President—M. G. Jackson, Vulcan Materials Company, Birmingham.
Vice-Pres.—John R. Hall, Southern Services, Inc., Birmingham.
Secy.-Treas.—Harold Wilson
Birmingham News
2200 Fourth Avenue, North
Birmingham, Alabama

ATLANTA CHAPTER
Meetings—Fourth Wednesday of each month.
President—Dr. Kenneth Black, Jr., Georgia State College of Business Administration, Atlanta.
Vice-Pres.—Barney E. Carnes, Jr., Delta Air Lines, Inc., Atlanta.
Secy.-Treas.—Miss Cynthia Wasson
Citizens & Southern National Bank
P. O. Box 4899
Atlanta 2, Georgia

CENTRAL ILLINOIS CHAPTER
Meetings—2nd Thursday each month, Bloomington, Illinois. Dinner 6:30 P.M.
President—H. G. Eckhoff, Keystone Steel & Wire Company, Peoria.
Vice-Pres.—C. W. Keck, Illinois Power Company, Decatur.
Secy.-Treas.—Lewis E. Whisnant
Mississippi Valley Structural Steel Co.
2060 East Eldorado
Decatur, Illinois.

CENTRAL MASSACHUSETTS CHAPTER
Meetings—(Check with Secretary)
President—Henry C. Merriam, Vellumoid Company, Worcester, Mass.
Vice-Pres.—Harold F. Keyes, Jr., Brown & Sharpe Manufacturing Company, Providence. R. I.
Treasurer—Lawrence T. Kane, Riley Stoker Corp. Worcester, Mass.
Secretary—Robert Linden, Wyman-Gordon Company
105 Madison Street
Worcester 1, Mass.

CENTRAL OHIO CHAPTER
Meetings—3rd Wednesday of each month, except July and August. 6:30 P.M. dinner.
President—E. W. Alstaetter, North American Aviation, Inc. Columbus Division, Columbus, Ohio.
Vice-Pres.—Sam Garwood, The Columbus & Southern Ohio Electric Co., Columbus
Treasurer—E. I. Evans, E. I. Evans & Company, Columbus
Secretary—C. B. Rogers
The Peoples Broadcasting Corporation
246 North High Street
Columbus 15, Ohio

CHICAGO CHAPTER
Meetings—3rd Thursday, each month. September-May. Dinner 6:00 P.M.
President—Frank A. O'Shaughnessy, Container Corporation of America, Chicago.
Vice-Pres.—Philip B. Gehrke, Joslyn Mfg. & Supply Corp., Chicago.
Treasurer—Geoffrey J. Burns, Continental Illinois National Bank & Trust Co., Chicago.
Secretary—Miss Ann Auerbach
Goldblatt Brother, Inc.
333 South State Street
Chicago, Illinois

CINCINNATI AREA INSURANCE MANAGERS
Meetings—1st Wednesday each month except July and August. Luncheon 12 noon.
President—Henry A. Newman, The Andrew Jergens Company, Cincinnati.
Vice-Pres.—R. F. Hoeweler, Acme-Newport Steel Company, Newport, Kentucky.
Treasurer—Hilliard J. Fjord, The Western & Southern Life Insurance Company, Cincinnati.
Asst. Treas.—Thomas Fisher, The Fifth Third Union Trust Co., Cincinnati.
Secretary—Robert J. Schiffgen
Trailmobile Inc.
31st & Robertson Avenues
Cincinnati 9, Ohio.

CLEVELAND CHAPTER
Meetings—2nd Monday each month except July and August. Dinner
President—Paul MacDonald, Carling Brewing Company, Cleveland.
Vice-Pres.—Paul W. Willberg, The Goodyear Tire & Rubber Company, Akron.
Treasurer—Clayton R. James, Addressograph-Multigraph Corp., Cleveland.
Secretary—Miss Julia Sullivan
The General Tire & Rubber Company
Akron, Ohio.

CONNECTICUT VALLEY CHAPTER
Meetings—2nd Thursday of each month. Luncheon
President—Darrell Ames, Eastern States Farmers' Exchange, Inc., West Springfield, Mass.
Vice-Pres.—Hervey Chevrette, Scovill Manufacturing Company, Waterbury, Conn.
Treasurer—David L. Benson, Whitney Chain Company, Hartford, Conn.
Secretary—Annetta Merlino
City of Hartford
Hartford, Conn.

DALLAS-FORT WORTH AREA CHAPTER
Meetings—3rd Thursday of each month. Luncheon 12:00 Noon
President—R. C. Harrison, American Petrofina, Inc. Dallas
Vice-Pres.—Charles Swanner, Magnolia Petroleum Co., Dallas
Treasurer—Larry Wallace, Otis Engineering Corp., Dallas
Secretary—Miss Annetta M. Johnson
The Murray Company of Texas, Inc.
3200 Canton Street
Dallas, Texas

DELAWARE VALLEY CHAPTER
Meetings—3rd Monday each month. Dinner 6:30 P.M.
President—David D. Day, American Viscose Corporation, Philadelphia, Pa.
Vice Pres.—Chester H. Drummond, Campbell Soup Company, Camden, New Jersey.
Treasurer—F. Joseph Bonanomi, The Budd Company, Philadelphia, Pa.
Asst. Treas.—Edgar C. Jones, Jr., Philadelphia Electric Company, Philadelphia, Pa.
Asst. Secy.—John D. Laupheimer, General Public Warehouse Company, Philadelphia, Pa.
Secretary—John E. Carr
Penn Fruit Company
P. O. Box 6122
Philadelphia 32, Pa.

INSURANCE BUYERS ASSOCIATION OF DETROIT
Meetings—3rd Wednesday each month. Dinner 6:00 P.M.
President—E. Dean Damon, Parke Davis Company, Detroit
Vice-Pres.—N. H. Siegel, Detroit Steel Corporation, Detroit
Treasurer—P. Russell Cole, Ex-Cell-O Corporation, Detroit
Secretary—Robert E. Drewer
S. S. Kresge Company
2727 Second Avenue
Detroit 32, Michigan

CHAPTER DIRECTORY

AMERICAN SOCIETY OF INSURANCE MANAGEMENT, INC

HOUSTON SOCIETY OF INSURANCE MANAGEMENT

Meetings—2nd Wednesday each month. Luncheon 11:30
President—W. A. Holcomb, Jr., Transcontinental Gas Pipeline Corporation, Houston
Vice-Pres.—R. C. Lee, Sheffield Division, Armco Steel Corporation, Houston
Treasurer—William D. Suhr, Bank of the Southwest National Association, Houston
Secretary—Darold Black
J. Weingarten, Inc.
P. O. Box 1698
Houston, Texas

MARYLAND CHAPTER

Meetings—3rd Thursday each month. Dinner 6:30 P.M. Sept.-June
President—B. L. Beninghove, Maryland Shipbuilding & Drydock Company, Baltimore
Vice-Pres.—Edward M. Walton, Harry T. Campbell Sons Corporation, Towson
Secy-Treas—Richard Sleeper
Insurance Buyers' Council
6803 York Road
Baltimore 12, Maryland

MINNESOTA CHAPTER

Meetings—Third Tuesday of each month—September through May. Dinner 6:30 P.M.
President—L. E. Thompson, Green Giant Company, Le Sueur, Minn.
Vice-Pres.—Allan D. Brosius, Minneapolis-Honeywell Regulator Co., Minneapolis, Minn.
Secy.-Treas.—M. Scott Rhodes
Owatonna Canning Company
Owatonna, Minnesota.

MONTREAL INSURANCE BUYERS ASSOCIATION

Meetings—3rd Thursday, October through May. Luncheon 12 Noon.
President—H. H. Cowan, Steinberg's Limited, Montreal.
Vice-Pres.—Alan A. Sharp, Distillers Corporation-Seagrams Ltd., Montreal.
Secy.-Treas.—Glen Buchanan
The Shawinigan Water & Power Co.
600 Dorchester Street West
Montreal, P.Q., Canada

NEW YORK CHAPTER

Meetings—4th Thursday, each month, except July and August. Luncheon 12:30 P.M.
President—Robert B. Schellerup, Union Bag-Camp Paper Corporation, New York, N.Y.
1st Vice-Pres.—Donald W. Berry, The Borden Company, New York, N.Y.
2nd Vice-Pres.—James S. Southwick, Ethyl Corporation, New York, N.Y.
Treasurer—Robert S. Gyory, Sylvania Electric Products, Inc., New York, N. Y.
Secretary—Raymond A. Severin,
American Metal Climax, Inc.
61 Broadway
New York 6, N.Y.

NORTHERN CALIFORNIA CHAPTER

Meetings—3rd Thursday of each month. Dinner 6:00 P.M.
President—H. Langdon Hilleary, Standard Oil Company of California, San Francisco
Vice-Pres.—Justin A. Crockwell, Pacific Gas and Electric Company, San Francisco
Treasurer—Lee J. Hidlebaugh, The Bank of California, N.A., San Francisco
Secretary—Frank W. Ahlert
The Western Pacific Railroad Co.
526 Mission Street
San Francisco, Calif.

OREGON CHAPTER

Meetings—1st Wednesday of each month. Dinner 6:00 P.M.
President—Fred L. Mattson,, West Coast Lumbermens Association, Portland
Vice-Pres.—E. L. Belin, Northwest Natural Gas Co., Portland
Secy-Treas.—Paul W. Milliken
Hyster Company
2902 N. E. Clackamas St.
Portland 12, Oregon

INSURANCE BUYER'S ASSOCIATION OF PITTSBURGH

Meetings—Alternate Tuesdays, September through May.
President—Ralph W. Low, Westinghouse Electric Corporation, Pittsburgh.
1st Vice-Pres.—Gerard O. Griffin, Dravo Corporation, Pittsburgh.
2nd Vice-Pres.—S. J. Prentice, Jr., Gulf Oil Corporation, Pittsburgh.
Treasurer—Leo F. Kane, Equitable Gas Company, Pittsburgh.
Assistant Secretary—R. G. Morton, Blaw-Knox Company, Pittsburgh.
Secretary—Thomas G. Noel
The Rust Engineering Company
930 Fort Duquesne Boulevard
Pittsburgh, 22 Pa.

SOUTHERN CALIFORNIA

Meetings—3rd Wednesday of each month. Dinner 6:30 P.M.
President—M. J. Bowman, American Potash & Chemical Corp., Los Angeles
Vice-Pres.—Cteve Culibrk, Citizens National Bank, Los Angeles
Treasurer—Homer E. Rathbun, Union Oil Company of California
Secretary—Norman Horney,
Consolidated Rock Products Co.
2730 South Alameda
Vernon, California

TORONTO INSURANCE BUYERS ASSOCIATION

Meetings—(To Be Announced)
President—J. G. Hird, The Robert Simpson Company Limited
Vice-Pres.—Don M. Stuart, Canada Packers Limited
Treasurer—Fred A. Morley, Famous Players Canadian Corporation Limited
Secretary—Harold Muir
Canadian Westinghouse Co. Ltd.
Hamilton, Ontario, Canada

VIRGINIA-CAROLINA CHAPTER

Meetings—Please check with Secretary for place and date
President—George J. Morrisey, Reynolds Metals Company, Richmond, Va.
Vice-Pres.—Gaither T. Newnam, Smith-Douglas Co., Inc., Norfolk, Va.
Treasurer—John W. Fox, Duke Power Company, Charlotte, North Carolina
Secretary—James R. Thomas
Virginia Department of Highways
1221 East Broad Street
Richmond 19, Va.

WASHINGTON CHAPTER

Meetings—Second Tuesday each month. Dinner 6:30 P.M.
President—Don Rader, Pacific American Fisheries, Inc., Bellingham.
Vice-Pres.—E. B. Paris, Boeing Airplane Company, Seattle.
Treasurer—Robert N. Knight, Seattle-First National Bank, Seattle.
Secretary—Robert J. Cotter
Simpson Timber Company
1010 White Building
Seattle 1, Washington

WISCONSIN CHAPTER

Meetings—Last Thursday each month, except June, July, August.
President—Joseph R. Hilmer, S. C. Johnson & Son, Inc., Racine, Wisconsin.
Vice-Pres.—Karl F. Abendroth, Milwaukee & Suburban Transport Corporation, Milwaukee.
Treasurer—Joseph A. Hussa, The First Wisconsin National Bank, Milwaukee.
Secretary—Robert E. Krause
Briggs & Stratton Corp.
2711 North 13th Street
Milwaukee 1, Wisconsin.

Roster Of Member Companies

AMERICAN SOCIETY OF INSURANCE MANAGEMENT, INC.

ALABAMA

Alabama Gas Corporation
Alabama Power Company
American Cast Iron Pipe Company
The Birmingham News
EBSCO Industries
Gulf States Paper Corporation
Herbert Construction Company
Ingalls Iron Works Company
Jack Cole Company
Saunders Truck Leasing Co.
Southern Natural Gas Company
Southern Services, Inc.
Vulcan Materials Company
Western Grain Company

ATLANTA

American Art Metals Company
Atlanta Newspapers, Inc.
Atlanta Transit System, Inc.
Citizens & Southern National Bank
The Coca-Cola Company
Curtis 1000 Inc.
Delta Air Lines, Inc.
Georgia Highway Express, Inc.
Georgia Power Company
H. W. Lay Company, Inc.
Lockheed Aircraft Corporation (Georgia Division)
McDonough Construction Company
Mead-Atlanta Paper Company
National Manufacture & Stores Corporation
Rich's Incorporated
Southern Airways Company
Southern Airways, Inc.
Southern Nitrogen Company, Inc.

CENTRAL ILLINOIS

Caterpillar Tractor Company
Central Illinois Light Company
Commercial National Bank of Peoria
Funk Brothers Seed Company
Honeggers' & Company, Inc.
Illinois Power Company
Keystone Steel & Wire Company
Laesch Dairy Company
LeTourneau-Westinghouse Company
Mississippi Valley Structural Steel Co
J. L. Simmons Company, Inc.
A. E. Staley Manufacturing Co.
Steak & Shake

CENTRAL MASSACHUSETTS

Bay State Abrasive Products Co.
Betterley Associates
Brown & Sharpe Manufacturing Co.
Draper Corporation
Fitchburg Paper Company
Grinnell Corporation
Massachusetts Mutual Life Insurance Company *(Secretary's Office-Risk Management)*
Morgan Construction Co.
Norton Company
Rice Barton Corp.
Riley Stoker Corp.
Simonds Saw & Steel Co.
State Mutual Life Assurance Company of America *(Property and Liability Insurance Branch)*
The Vellumoid Company
Worcester Telegram Publishing Co.
Wyman-Gordon Company

CENTRAL OHIO

Anchor Hocking Glass Corporation
Arthur I. Vorys
Battelle Memorial Institute
Clark Industries
Columbus & Southern Ohio Electric Co.
Columbus Coated Fabrics Corporation
The Cooper-Bessemer Corp.
E. I. Evans & Company
The Jaeger Machine Company
The Jeffrey Manufacturing Company
F. & R. Lazarus & Company
The Mead Corporation
North American Aviation, Inc. (Columbus Division)
Ormet Corporation
Ranco, Incorporated
The Peoples Broadcasting Corporation
The Weston Paper & Manufacturing Co.

CHICAGO

Abbott Laboratories
Acme Steel Company
Admiral Corporation
Aldens Inc.
American Bakeries Company
American Hospital Supply Corp.
American Marietta Company
Automatic Electric Company
Baxter Laboratories, Inc.
Beatrice Foods Company
Bell and Howell Company
Bowman Dairy Company
Brunswick Corp.
Bureau of Safety
Butler Brothers
A. M. Castle & Company
Calumet & Hecla, Inc.
The Celotex Corporation
Central Fibre Products Company
Chemetron Corporation
Chicago, Rock Island & Pacific Railroad Co.
City Products Corporation
Clark Equipment Co.
Collins Radio Company
Continental Ill. Nat'l Bank & Trust Co. of Chicago
Container Corporation of America
Consolidated Foods Corporation
Crane Company
Cuneo Press, Inc.
Curtiss Candy Co.
Helene Curtis Industries, Inc.
R. R. Donnelley & Sons Co.
The Reuben H. Donnelley Corp.
Encyclopedia Britannica, Inc.
Fairbanks, Morse & Company
Fansteel Metallurgical Corporation
Lloyd A. Fry Roofing Company
General American Transportation Company
General Dynamics Corporation (Liquid Carbonic Division)
General Finance Corporation
Goldblatt Bros., Inc.
Graver Tank & Manufacturing Co., Inc.
Edward Hines Lumber Company
Hammond Organ Company
Harper-Wyman Company
Illinois Tool Works
Imperial Brass Mfg. Co.
Inland Steel Company
International Harvester Co.
International Minerals & Chemical Corp.
Jewel Tea Co., Inc.
Joslyn Manufacturing & Supply Corporation
Kawneer Company
Kester Solder Company
Libby, McNeill & Libby
Link-Belt Company
Magnaflux Corporation
Marshall Field & Company
Masonite Corporation
Material Service Corporation
The Meyercord Co.
Miles Laboratories, Inc.
W. H. Miner, Inc.
Montgomery Ward & Company
Motorola, Inc.
National Standard Company
National Tea Co.
Natural Gas Pipeline of America
Northern Trust Company
Northwestern University
Pabst Brewing Company
Passavant Hospital
The Peoples Gas Light & Coke Co.
Phoenix Metal Cap Co.
Pullman Standard Car Manufacturing Co.
Pure Oil Company
Quaker Oats Company
Rand McNally & Company
Rathborne, Hair & Ridgway Box Co.
John Sexton & Company
Simoniz Company
Skil Corporation
Spiegel, Inc.
Standard Oil Co. (Indiana)
G. D. Searle & Co.
Charles A. Stevens & Company
Stewart-Warner Corporation
The Tribune Company
United Air Lines, Inc
United States Gypsum Company
Victor Adding Machine Co.
Victor Chemical Works
Walgreen Drug Stores
The Willett Company
Wisconsin Public Service Corporation

CINCINNATI

Acme-Newport Steel Company
American Laundry Machinery Co.
Armco Steel Corporation
G. A. Avril Company
The Baldwin Piano Company
Bardes Corporation
Burger Brewing Company
Burkhardt's
R. K. LeBlond Machine Tool Company
The Chatfield Paper Corporation
The Cincinnati Enquirer
Cincinnati Gas & Electric Co.
Cincinnati & Suburban Bell Telephone Co.
The Dawson-Evans Construction Co.
The Drackett Company
The Duriron Company, Inc.
The Eagle-Picher Company
Emery Industries, Inc.
Federated Department Stores, Inc.
The Fifth Third Union Trust Company
The Foy Paint Company
The Globe Wernicke Company
Robert Gould Company
The Hamilton Foundry, Inc.
The Andrew Jergens Company
The E. Kahn's Sons Company
The Kroger Company
The Lunkenheimer Company
The H. H. Meyer Packing Company
The Mosler Safe Company
The Nivison Weiskopf Company
The Ohio National Life Insurance Company
The Ohio River Company
The Procter & Gamble Company
The Provident Savings Bank & Trust Co
The Sorg Paper Co.

Trailmobile Inc.
United States Shoe Corporation
The Western & Southern Life Insurance Co. (General Insurance Committee)
The George Wiedemann Brewing Co.

CLEVELAND

Addressograph-Multigraph Corporation
B. F. Goodrich Company
E. W. Bliss Company
Campus Sweater & Sportswear Co.
Carling Brewing Company
Central National Bank of Cleveland
The Cleveland Crane & Engineering Co.
Cleveland Electric Illuminating Company
Cleveland Pneumatic Industries, Inc.
Firestone Tire & Rubber Company
The General Tire & Rubber Company
The Goodyear Tire & Rubber Company
The Halle Brothers Company
Harris-Intertype Corp.
Industrial Rayon Corporation
The Hoover Company
Hupp Corporation
The North American Coal Corp.
Oblebay Norton Company
The Parker Hannifin Corporation
Reliance Electric & Engineering Co.
Rubbermaid Incorporated
The Timken Roller Bearing Co.
Towmotor Corporation

CONNECTICUT VALLEY

City of Hartford
Connecticut Light & Power Co.
Eastern States Farmers' Exchange, Inc.
Eureka Williams Corp.
Hartford Electric Light Co.
Hartford Gas Co.
The Kaman Aircraft Corporation
Moore Drop Forging Co.
The New Britain Machine Co.
Scovill Manufacturing Company
United Aircraft Corp.
Veeder-Root Incorporated
Whitney Chain Company

DALLAS-FT. WORTH

Ambassador Oil Corporation
American Petrofina, Inc.
Austin Bridge Company
Bell Helicopter Corporation
The British-American Oil Producing Company
Cabot Carbon Co.
Campbell Taggart Associated Bakeries, Inc.
Carrier-Bock Company
Chance Vought Aircraft, Inc.
Champlin Oil & Refining Co.
Coca-Cola Bottling Company
Comet Rice Mills
Community Public Service Co.
Dallas Power & Light Co.
Delta Drilling Company
Dresser Industries, Inc.
Frankfort Oil Company
The Frito Company
General American Oil Co. of Texas
Gifford-Hill & Co., Inc.
Intercontinental Mfg. Company, Inc.
Lone Star Gas Company
Lone Star Steel Company
Mobil Oil Co.
Morton Foods, Inc.
The Murray Company of Texas, Inc.
The Schoellkopf Company
Olmsted-Kirk Company
Otis Engineering Corp.
Dr. Pepper Company
Republic National Bank of Dallas
Rowan Drilling Company, Inc.
Southern Union Gas Company
Sun Oil Company
Temco Aircraft Corporation
Texas Delivery Service
Texas Instruments, Inc.
The Times Herald Printing Company
The T X L Oil Corporation

DELAWARE VALLEY

Alan Wood Steel Company
American Viscose Corp.
Atlantic City Electric Company
Atlas Powder Company
The Atlantic Refining Company
Bargain City, U.S.A., Inc.
Bestwall Gypsum Company
The Budd Company
Campbell Soup Company
Catalytic Construction Company
Certain-teed Products Corporation
Delaware Power & Light Company
E. I. duPont de Nemours & Co., Inc.
The Electric Storage Battery Company
Fidelity Mutual Life Insurance Co.
Fidelity-Philadelphia Trust Company
Food Fair Stores, Inc.
General Coal Company
General Public Warehouse Company, Inc.
Hercules Powder Company
I-T-E Circuit Breaker Company
Keasbey & Mattison Company
Kaiser Metal Products, Inc.
Lavino Shipping Company
Lee Rubber and Tire Corporation
Levitt & Sons
Martin Century Farms, Inc.
Mutual Rendering Company, Inc.
Paterson Parchment Paper Co.
Penn Fruit Company
Penn Mutual Life Insurance Co.
Philadelphia Electric Company
Philadelphia Gas Works
The Philadelphia Saving Fund Society
Publicker Industries
Radio Condenser Company
Radio Corporation of America
Sandura Company
S.K.F. Industries, Inc.
Smith, Kline & French Laboratories
South Chester Tube Company
United Engineers & Constructors, Inc.
The United Gas Improvement Company

DETROIT

Acheson Industries, Inc.
Allen Industries, Inc.
American Blower Corporation
American Motors Corporation
Bull Dog Electric Products Company
Burroughs Corporation
Chrysler Corporation
D. W. G. Cigar Corp.
Darin & Armstrong, Inc.
Davidson Brothers
Detroit Gasket & Manufacturing Company
Detroit Harvester Company
The Detroit Edison Company
Detroit Steel Corporation
Evans Products Company
Ex-Cell-O Corporation
Fenestra, Inc.
Ford Motor Company
Fruehauf Trailer Company
Gar Wood Industries, Inc.
General Motors Corporation
Goddard & Goddard Company
The J. L. Hudson Company
Hygrade Food Products Corporation
The Jam Handy Organization, Inc.
Kelsey-Hayes Wheel Company
King-Seeley Corporation
S. S. Kresge Company
Libbey-Owens-Ford Glass Co.
Lyon Incorporated
R. C. Mahon Company
McCord Corporation
McLouth Steel Corporation
Michigan Bell Telephone Co.
Michigan Consolidated Gas Company
Michigan Wisconsin Pipe Line Co.
Micromatic Hone Corporation
Mueller Brass Company
The Murray Corporation of America
National Bank of Detroit
National Twist Drill & Tool Co.
Owens-Illinois Glass Co.
Parke Davis & Company
Pfeiffer Brewing Company
R. L. Polk & Company
Square D Company
The Udylite Corporation
The Upjohn Company
The Valeron Corporation
Verners Ginger Ale, Inc.
Woodall Industries, Inc.
Wyandotte Chemicals Corporation

HOUSTON

Ada Oil Company
American Warehouses, Inc.
Anderson Clayton & Company
Bank of the Southwest National Association
Bariod Division, National Lead Company
Brown and Root, Inc.
Brown Oil Tools, Inc.
H. E. Butt Grocery Co.
F. A. Callery, Inc.
Cameron Iron Works, Inc.
Collins Construction Co.
The Dow Chemical Co.
Duncan Coffee Co.
El Paso Natural Gas Company
Farnsworth & Chambers Co., Inc.
Fish Services Corporation
Halliburton Oil Well Cementing Co.
Houston Oil Field Material Co., Inc.
Hughes Tool Co.
Humble Oil & Refining Company
Jefferson Lake Sulphur Company
Pan Geo Atlas Corporation
Petro-Tex Chemical Corporation
Quintana Petroleum Corporation
J. Ray McDermitt & Company
Reed Roller Bit Co.
River Brand Rice Mills, Inc.
River Oaks Corporation
San Jacinto Petroleum Corp.
Schlumberger Well Surveying Corp.
Sheffield Steel Division of Armco Steel Corporation
A. O. Smith Corporation of Texas
Tennessee Gas Transmission Co.
Texas Manufacturers Association
Transcontinental Gas Pipe Line Corp.
Trunkline Gas Company
Tuboscope Company
Uncle Ben's, Inc.
Union Carbide Chemical Company
Union Oil & Gas Corporation of Louisiana
United Carbon Company
J. Weingarten, Inc.
Win Hawkins Drilling Company

MARYLAND

Army & Air Force Exchange Service
The Arundel Corporation
Baltimore Contractors, Inc.
Cafritz Construction Co.
Catalyst Research Corporation
Chas. H. Tompkins Co.
City Baking Company
W. T. Cowan, Inc.
Crown Central Petroleum Corp.
The Davison Chemical Corporation
Ellicott Machinery Corporation
L. Greif & Bro., Inc.
Gunther Brewing Co., Inc.
The Hecht Company
Hutzler Brothers Co.
Insurance Buyers' Council
Harry T. Campbell Sons Corp.

Maryland Shipbuilding & Drydock Co.
McCormick & Co., Inc.
Mercantile Safe Deposit & Trust Co.
Merchants Terminal Corp.
Montgomery County, Maryland
The Martin Company
The National Brewing Co.
Office of Naval Material
Department of the Navy
Schmidt Baking Co., Inc.
Woodward & Lothrop Incorporated

MINNESOTA

Andersen Corporation
Cargill, Incorporated
College of St. Thomas
Coca-Cola Bottling Co. of Minnesota
The Creamette Co.
Curtis 1000, Inc.
Coast to Coast Stores—
Central Organization, Inc.
The Economics Laboratories, Inc.
Flour City Brush Company
Federal Cartridge Corporation
First National Bank of Minneapolis
Fitger Brewing Company
Fullerton Lumber Company
Gamble-Skogmo, Inc.
M. A. Gedney Company
General Mills, Inc.
Green Giant Company
Theo. Hamm Brewing Company
Geo. A. Hormel & Co.
Industrial Aggregate Co.
International Milling Company
Investors Diversified Services, Inc.
Josten Manufacturing Company
Landers-Norblom-Christenson Co
Maple Island, Inc.
Mayo Clinic
Maney Bros. Mill & Elevator Co.
Minneapolis Brewing Company
Minneapolis-Honeywell Regulator Co.
Minneapolis Star & Tribune Company
Minnesota Mining & Manufacturing Co.
Minnesota & Ontario Paper Co.
Munsingwear, Inc.
Nash-Finch Company
Northern Ordnance Inc.
Northrup-King & Company
Northwest Airlines, Inc.
W. S. Nott Company
Owatonna Canning Company
Owatonna Tool Co.
M. F. Patterson Dental Supply Co. of
Minnesota
F. H. Peavey & Company
The Pillsbury Company
Red Owl Stores, Inc.
Rochester Dairy Cooperative
St. Paul Terminal Warehouse Co.
J. L. Shiely Company
Super Valu Stores, Inc.
Toro Manufacturing Company
Waldorf Paper Products Company
Western Oil and Fuel Company
Wood Conversion Company

MONTREAL

Aluminum Company of Canada, Ltd.
Atlas Asbestos Company Limited
Belding Corticelli Limited
The Bell Telephone Co. of Canada
The Bristol Aeroplane Co. of Canada
(1956) Limited
Canada Cement Company Limited
Canada Iron Foundries, Limited
Canadair Limited
Canadian Celanese Ltd.
Canadian General Transit Co. Ltd.
Canadian Industries Limited
Canadian International Paper Company
Canadian Liquid Air Co., Ltd.
Canadian Marconi Company
Canadian Pratt & Whitney Aircraft
Company, Ltd.
Canadian Salt Co., Ltd.
Consolidated Paper Corporation Limited
Distillers Corporation—
Seagrams Limited
Dominion Bridge Company Limited
Dominion Engineering Works Limited
Dominion Glass Company Limited
Dominion Steel and Coal Corp. Ltd.
Dominion Textile Company Limited
Du Pont Co. of Canada (1956) Ltd.
The Foundation Co. of Canada Limited
Henry Birks & Sons Ltd.
Howard Smith Paper Mills Limited
Imperial Tobacco Co. of Canada Limited
Molsons Brewery Limited
Northern Electric Company, Limited
Price Brothers & Company, Ltd.
Quebec Power Company
Rolls-Royce of Canada, Limited
Seven-Up Montreal Ltd.
Shawinigan Chemicals Limited
The Shawinigan Water and Power
Company
Southern Canada Power Co. Ltd.
Standard Chemical Limited
Steinberg's Limited
Thor Mills Limited

NEW YORK

ACF Industries, Inc.
The Aeroflex Corporation
Alexander's Department Stores, Inc.
Allied Chemical Corporation
Allied Maintenance Corporation
Allied Stores Corporation
Amerace Corporation
America Corporation
American Airlines
American Broadcasting-Paramount
Theatres, Inc.
American Bank Note Co.
American Can Company
American Chicle Company
American District Telegraph Co., Inc.
American Home Products Corp.
American Machine & Foundry Co.
American Management Association
American Metal Climax, Inc.
American News Co., Inc.
The American Oil Company
American Radiator & Standard Sanitary
Corp.
The American Thread Company
Anaconda Company
Anaconda Wire & Cable Company
Arabian American Oil Company
Associated Dry Goods Corp.
Avco Corporation
Avon Products, Inc.
The Babcock & Wilcox Company
Belk Stores, Inc.
Bell Telephone Laboratories
Berkshire-Hathaway, Inc.
Best Foods Division of Corn Products
Company
Bigelow-Sanford Carpet Co., Inc.
Blades & Macaulay
The Borden Company
Bristol Myers Company
Burlington Industries, Inc.
The California Oil Company
Canada Dry Corporation
John J. Casale, Inc.
Celanese Corporation of America
The Chase Manhattan Bank
The Chemstrand Corporation
Chilean Nitrate Sales Corporation
Ciba States Limited
Cities Service Petroleum, Inc.
City Stores Mercantile Company, Inc.
Coats & Clark's Sales Corporation
The Coca-Cola Export Corporation
Colgate-Palmolive Company
Columbian Carbon Company
Combustion Engineering, Inc.
Commercial Solvents Corporation
Commonwealth Services, Inc.
Congoleum-Nairn, Inc.
Consolidated Cigar Corp.
Consolidated Natural Gas Co.
Continental Can Company, Inc.
Continental Grain Company
Corporate Advisors, Inc.
Curtiss-Wright Corporation
Daystrom, Inc.
Diesel Vessel Operators, Inc.
Dugan Brothers, Inc.
Dow, Jones & Co., Inc.
Ebasco Services Incorporated
Esso Research and Engineering Company
El Paso Natural Gas Company
Electrolux Corporation
Esso Standard Oil Company
Ethyl Corporation
Federal Paper Board Co., Inc.
The First National City Bank of
New York
The Firth Carpet Company
The Flintkote Company, Inc.
The F. & M. Schaefer Brewing Company
Foster-Wheeler Corp
Robert Gair Co., Inc.—Division
of Continental Can Company, Inc.
Geigy Chemical Corporation
General Aniline & Film Corporation
General Baking Company
General Dynamics Corporation
General Electric Company
General Foods Corp.
Gibbs & Hill, Inc.
W. R. Grace & Company
Great Lakes Carbon Corporation
Guaranty Trust Company
S. Gumpert Co., Inc.
M. & M.'s Candies, A Division of
Food Manufacturers, Inc.
Hess, Inc.
Hewitt-Robins, Inc.
Imperial Color Chemical Co.
(A division of Hercules Powder Co.)
International Business Machines Corp.
Interchemical Corp.
Johns-Manville Corp.
Johnson & Johnson
A. & M. Karagheusian, Inc.
Kennecott Copper Corporation
Kentile, Inc.
Keuffel & Esser Company
Knickerbocker Construction Co.
S. H. Kress & Co.
Lerner Stores Corp.
Lever Brothers Co.
Liggett & Myers Tobacco Co.
Lily-Tulip Cup Corp.
Thomas J. Lipton, Inc.
The Lummus Company
R. H. Macy & Co., Inc.
McKesson & Robbins, Incorporated
Manufacturers Trust Co.
Merritt-Chapman & Scott Corp.
Metal & Thermit Corp.
Philip Morris Incorporated
Muzak Corporation
National Biscuit Company
National Dairy Products Corp.
National Distillers and Chemical Corp.
National Starch Products, Inc.
The Nestle Company
J. J. Newberry Company
New York Herald-Tribune
New York University
Olin Mathieson Chemical Corporation
Otis Elevator Company
Pan American World Airways, Inc.
Pan American International Oil Co.
S. B. Penick & Co.
J. C. Penney Company, Inc.
Chas. Pfizer & Co., Inc.
Pitney-Bowes, Inc.
The Port of New York Authority
Refined Syrups & Sugars, Inc.
Reliance Manufacturing Company

Republic Aviation Corporation
Revlon
Rheem Manufacturing Company
Riegel Paper Corporation
Seagram-Distillers Corp.
Shein's Express
The Sperry & Hutchinson Company
Sperry Rand Corporation
Sperry Gyroscope Co.
Standard Oil Company (New Jersey)
J. P. Stevens & Co., Inc.
Sun Chemical Corporation
Sunshine Biscuits, Inc.
Sylvania Electric Products, Inc.
Union Bag-Camp Paper Corporation
Union Carbide Corporation
United Aircraft Corp.
United Merchants & Manufacturers, Inc.
U. S. Industries, Inc.
United Parcel General Service Company
United States Plywood Corporation
United Whelan Corporation
Universal Pictures Co., Inc.
Vick Chemical Company
Walworth Company
West Chemical Products, Inc.
Western Electric Company
West Virginia Pulp & Paper Company
Witco Chemical Company
Worthington Corporation
Yale Transport Corporation
Ziff-Davis Publishing Company

NORTHERN CALIFORNIA

American Trust Company & Wells Fargo Bank
Ampex Corporation
Guy F. Atkinson Company
Bank of America NT & SA
Bank of California, N.A.
Bechtel Corporation
The California Ink Co., Inc.
California & Hawaiian Sugar Refining Corp. Ltd.
California Packing Corporation
California State Chamber of Commerce
California Self-Insurers Association
Coast Service Company
Consolidated Freightways, Inc.
The Crocker-Anglo National Bank
Crown Zellerbach Corp.
Cutter Laboratories
Department of Finance — State of California
The Robert Dollar Company
East Bay Municipal Utility District
E. & J. Gallo Winery
Fibreboard Products, Inc.
The First Western Bank & Trust Company
Foremost Dairies, Inc.
Hills Bros. Coffee, Inc.
Honolulu Oil Corporation
Kaiser Aluminum & Chemical Corp.
Kaiser Engineers
Kern County Land Co.
Leslie Salt Company
Matson Navigation Company
Mund, McLaurin & Company
Pacific Gas & Electric Company
The Pacific Telephone & Telegraph Company
Pacific Intermountain Express Company
Permanente Cement Company
Port of Oakland
Rudiger-Lang Company
Safeway Stores, Inc.
Southern Pacific Company
Spreckels Sugar Company
Standard Oil Company of California
Swinerton & Walberg Company
S & W Fine Foods, Inc.
The Union Ice Company
Union Lumber Company
United Air Lines, Inc.
Utah Construction & Mining Co.
The Western Pacific Railroad Company
Wilbur-Ellis Company

OREGON

The Bank of California, N.A.
Blitz Weinhard Company
Columbia River Paper Co.
Columbia River Packers Association, Inc.
Convoy Company
The First National Bank of Portland
Georgia-Pacific Corporation
HYster Company
Industrial Air Products Co.
Jantzen, Inc.
Fred Meyer, Inc.
Northwest Natural Gas Company
Terminal Ice & Cold Storage Company
The United States National Bank
West Coast Lumbermen's Association
White Stag Manufacturing Co.
Willamette Iron & Steel Company
Zidell Machinery & Supply Co.

PITTSBURGH

Allegheny Ludlum Steel Corporation
Aluminum Company of America
Blaw-Knox Company
Callery Chemical Company
John F. Casey Company
Consolidation Coal Company, Inc.
Crucible Steel Company of America
Dravo Corporation
Duquesne Light Company
Eastern Gas & Fuel Associates
Edgewater Steel Company
Eichleay Corporation
Elliott Company
Equitable Gas Company
Fidelity Trust Company
Fort Pitt Bridge Works
Frick & Lindsay Company
Gulf Oil Corporation
Harbison-Walker Refractories Company
H. J. Heinz Company
Jones & Laughlin Steel Corp.
Koppers Company, Inc.
Mellon National Bank & Trust Company
Mine Safety Appliances Company
Mobay Chemical Co.
G. C. Murphy Company
The National Steel Corporation
The National Supply Company
The National-U.S. Radiator Corporation
Neville Chemical Company
Pittsburgh Coke & Chemical Company
Pittsburgh Forgings Company
Pittsburgh Plate Glass Company
Pittsburgh Screw & Bolt Corporation
Pittsburgh Steel Company
H. H. Robertson Company
Rockwell Manufacturing Company
Rockwell-Standard Corporation
The Rust Engineering Company
Schaefer Equipment Company
United Engineering & Foundry Company
Watson-Standard Company
Weirton Steel Company
West Penn Power Company
Westinghouse Air Brake Company
Westinghouse Electric Corporation
Youngstown Sheet and Tube Company

SOUTHERN CALIFORNIA

American Potash & Chemical Corp.
Aerojet General Corporation
Arrowhead and Puritas Water Inc.
Baker Oil Tools, Inc.
Bekins Van & Storage Company
Belridge Oil Company
C. F. Braun & Co.
California Bank
Carnation Company
Citizens National Bank
Consolidated Rock Products Co.
Consolidated Western Steel Division of U. S. Steel Corporation
The Copley Press, Inc.
Cyprus Mines Corporation
Desilu Productions, Inc.
Douglas Aircraft Company, Inc.
Ehrhart & Associates, Inc.
The Flintkote Company (Pioneer Division)
The Fluor Corporation, Ltd.
Forest Lawn Company
The Garrett Corporation
Garrett and Company, Inc.
Convair — A Division of General Dynamics Corporation
Gladding, McBean & Company
Global Van Lines, Inc.
Graham Brothers, Inc.
The Alfred Hart Company
Hunt Foods & Industries, Inc.
Hughes Aircraft Company
Kaiser Steel Corporation
Kobe, Inc.
Loew's Incorporated
Latchford Glass Company
Lockheed Aircraft Corp.
Marquardt Corporation
The May Company
The McCulloch Corporation
Metropolitan Water District of Southern California
Monolith Portland Cement Company
North American Aviation, Inc.
Northrop Corporation
Owl Enterprises
Pacific Airmotive Corporation
Ramo-Woolridge Division
Thompson Ramo Woolridge, Inc.
Tidewater Oil Company
Griffith Company
Richfield Oil Corporation
Rohr Aircraft Corporation
San Gabriel Valley Water Co.
Security First National Bank
Signal Oil & Gas Company
Southern California Edison Company
Southern California Gas Co.
Space Technology Laboratories, Inc.
Sparkletts Drinking Water Corporation
Sun Lumber Company
Superior Oil Company
Title Insurance and Trust Company
Union Bank
Union Oil Company of California
United States Borax & Chemical Corp.
Von's Grocery Company
Western Airlines, Inc.
M. H. Whittier Company

TORONTO INSURANCE BUYERS ASSOCIATION

Abitibi Power & Paper Co. Ltd.
Addressograph-Multigraph of Canada, Ltd.
Alsco Products of Canada, Ltd.
The Board of Home Missions (The United Church of Canada)
Brewers' Warehousing Co., Ltd.
The British American Oil Co., Ltd.
Canada Bread Co., Ltd.
Canada Life Assurance Company
Canada Packers, Ltd.
Canada Wire & Cable Co., Ltd.
Canadian General Electric Co., Ltd.
Canadian Motorways Management Corp. Ltd.
Canadian Oil Companies, Limited
Canadian Westinghouse Company, Ltd.
Coca-Cola, Ltd.
Combined Enterprises, Ltd.
The Consumers' Gas Company
Dominion Foundries & Steel, Ltd.
Dominion Stores Limited
The Electric Storage Battery Co., Canada, Ltd.

Falconbridge Nickel Mines Limited
Famous Players Canadian Corp., Ltd.
Ford Motor Company of Canada, Ltd.
Firestone Tire & Rubber Company of Canada, Ltd.
General Steel Wares Limited
The Goodyear Tire & Rubber Company of Canada, Ltd.
The Hydro-Electric Power Commission of Ontario
Imperial Oil, Ltd.
John Inglis Co., Ltd.
International Harvester Co. of Canada, Ltd.
S. S. Kresge Company, Ltd.
Lever Brothers, Ltd.
Massey-Ferguson, Ltd.
Moore Corporation Limited
National Trust Company, Ltd.
Nestle (Canada) Ltd.
A. S. Nicholson and Son Limited
Noranda Mines, Ltd.
Philips Electronics Industries, Ltd.
Photo Engravers & Electrotypers, Ltd.
The Proctor & Gamble Company of Canada, Ltd.
Reichhold Chemical (Canada) Limited
A. V. Roe Canada, Ltd.
Shell Oil Company of Canada, Ltd.
Simoniz Company Limited
The Robert Simpson Co. Ltd.
Spruce Falls Power & Paper Co., Ltd.
The Steel Company of Canada, Ltd.
Terminal Warehouses, Ltd.
The Toronto General Trusts Corp.
Toronto Transit Commission
Trane Company of Canada, Ltd.
Trans-Canada Pipe Lines Limited
Union Carbide Canada Limited
Ventures Limited
Victory Soya Mills, Ltd.

VIRGINIA-CAROLINA

American Enka Corporation
Belk Stores, Inc.
Burlington Industries, Inc.
The Chesapeake Corporation of Virginia
Duke Power Company
Farmers Cooperative Exchanges, Inc.
Larus & Brother Company, Inc.
Miller & Rhoads, Inc.
Newport News Shipbuilding & Drydock Co.
Noland Company, Inc.
Overnite Transportation Company
RF & P Railroad Company
Reynolds Metals Company
Smith-Douglass Company
Southern States Cooperative
Union Bag-Camp Paper Company
Virginia Department of Highways
Virginia Electric & Power Company

WASHINGTON

Alaska Packers Association
Boeing Airplane Company
General Construction Company
Halferty Canneries, Inc.
Ketchikan Pulp Company
New England Fish Company
Pacific American Fisheries, Inc.
Pacific Car and Foundry Company
Pacific Gamble Robinson Co.
Peoples National Bank of Washington
Pioneer Sand & Gravel Company
Puget Sound Bridge & Drydock Company
Puget Sound Power & Light Company
Seattle First National Bank
Simpson Timber Company
University Properties, Inc.
West Coast Airlines, Inc.
Weyerhaeuser Company
Whiz Fish Products Company
Howard S. Wright Construction Company

WISCONSIN

Albert Trostel & Sons Company
Allen-Bradley Company
American Can Company (Marathon Division)
Amity Leather Products Co.
Basic Products Corporation
Baso, Inc.
Briggs & Stratton Corporation
J. I. Case Company
Chain Belt Company
Clark Oil & Refining Corporation
Cutler-Hammer, Inc.
Downing Box Company
First Wisconsin National Bank
Globe-Union, Inc.
Harnischfeger Corporation
S. C. Johnson & Son, Inc.
Koehring Company
Kurth Malting Company
Ladish Co.
Line Material Industries, McGraw-Edison Company
Outboard Marine Corporation
Miller Brewing Company
Milprint, Inc.
Milwaukee Gas Light Co.
Milwaukee & Suburban Transport Corp.
Nekoosa-Edwards Paper Co.
Red Star Yeast & Products Co.
Rhea Manufacturing Co.
Ed. Schuster & Co. Inc.
Schuster Construction Company
A. O. Smith Corporation
Wisconsin Bridge & Iron Company
Wisconsin Electric Power Co.

NON-CHAPTER MEMBERS

Alabama

Morrison Cafeterias Consolidated Inc.

Arizona

Hughes Aircraft Company

Arkansas

The Crossett Company

Colorado

Colorado Fuel & Iron Corp.

Connecticut

The United States Time Corporation

Florida

Mercury Motor Express, Inc.
Ryder System, Inc.

Illinois

Barber-Greene Company
Deere & Company
Granite City Steel Company
Sundstrand Machine Tool Company

Indiana

Insurance Audit & Inspection Co.
Studebaker-Packard Corporation

Iowa

The Rath Packing Company

Kansas

Boeing Airplane Company (Wichita Division)
The Carey Salt Company

Louisiana

The California Company
Standard Fruit and Steamship Company
United Gas Corporation

Maine

Central Maine Power Company
Great Northern Paper Co.
John H. Magee

Massachusetts

Boston Housing Authority
C. H. Sprague & Son Company
Godfrey L. Cabot, Inc.
Howard D. Johnson Company

Michigan

Gerber's Baby Foods

Missouri

Anheuser-Busch, Inc.
Panhandle Eastern Pipe Line Co.
Laclede Steel Company
May Department Stores Company
Monsanto Chemical Company
Standard Milling Company
The Seven-Up Company
Union Electric Company

New Jersey

Federal Pacific Electric Co.
Merck & Company Inc.

New York

Carrier Corporation
Cooperative Grange League Federation Exchange, Inc.
Corning Glass Works
Mohasco Industries, Inc.
New York State Electric & Gas Corp.
Rochester Gas & Electric Corp.
Will & Baumer Candle Company

Ohio

The American Crayon Company
The Ohio Oil Company

Oklahoma

Oklahoma Gas & Electric Company
Sunray Mid-Continent Oil Company

Pennsylvania

AMP Incorporated
Titan Metal Manfacturing Co. Division of Cerro de Pasco Corp.

Rhode Island

Gorham Manufacturing Company

Tennessee

Hardwick Stove Company
Rich's Incorporated

Vermont

Central Vermont Public Service Corp.
The National Life Insurance Co. *(Property & Liability Insurance Dept.)*

Washington, D.C.

National Lumber Manufacturers Association

West Virginia

Pennsylvania Glass Sand Corp.
Weirton Steel Company

Wisconsin

A. Geo. Schulz Company
Fred Rueping Leather Company
Nordberg Manufacturing Co.

Canada

British Columbia Electric Co. Ltd.
Legrade Inc.
Western Canada Breweries Limited

France (Paris)

Standard Oil Company of New Jersey

Puerto Rico

Commonwealth Oil Refining Co. Inc.

Venezuela (Caracas)

Mr. William Cole